SEPARATE FINANCIAL STATEMENTS 2024

PRADA Group

Prada store
Dallas NorthPark Center

CHAPTER 1

Corporate Information

Prada S.p.A. - Corporate information

Registered Office	Via A. Fogazzaro, 28 - 20135 Milan, Italy
Head Office	Via A. Fogazzaro, 28 - 20135 Milan, Italy
Place of business in Hong Kong registered under Part 16 of the Hong Kong Companies Ordinance	8th Floor, One Taikoo Place, 979 King’s Road Quarry Bay, Hong Kong S.A.R. (P.R.C.)
Company Corporate website	www.pradagroup.com
Hong Kong Stock Exchange Identification Number	1913
Share Capital	Euro 255,882,400 (represented by 2,558,824,000 shares of Euro 0.10 each)
Board of Directors	Patrizio Bertelli (Chairman of the Board & Executive Director) Paolo Zannoni (Executive Deputy Chairman of the Board & Executive Director) Andrea Guerra (Chief Executive Officer & Executive Director) Miuccia Prada Bianchi (Executive Director) Andrea Bonini (Chief Financial Officer & Executive Director) Lorenzo Bertelli (Executive Director) Yoël Zaoui (Lead Independent Director & Independent Non-Executive Director) Marina Sylvia Caprotti (Independent Non-Executive Director) Cristiana Ruella (Independent Non-Executive Director) Pamela Yvonne Culpepper (Independent Non-Executive Director) Anna Maria Rugarli (Independent Non-Executive Director)
Audit and Risk Committee	Yoël Zaoui (Chairman) Cristiana Ruella Anna Maria Rugarli

Remuneration Committee	Anna Maria Rugarli (Chairwoman) Paolo Zannoni Yoël Zaoui
Nomination Committee	Cristiana Ruella (Chairwoman) Lorenzo Bertelli Pamela Yvonne Culpepper
Sustainability Committee	Pamela Yvonne Culpepper (Chairwoman) Lorenzo Bertelli Anna Maria Rugarli
Board of Statutory Auditors	Roberto Spada (Chairman) Maria Luisa Mosconi Patrizia Arienti
Organismo di Vigilanza **(Supervisory Body)** (Italian Leg. Decree 231/2001)	Stefania Chiaruttini (Chairwoman) Armando Simbari Roberto Spada
Main Shareholder	Prada Holding S.p.A. Corso Italia, 22 - 20122 Milan, Italy
Company Secretary	Wendy Pui-Ting Tong 8th Floor, One Taikoo Place 979 King's Road Quarry Bay, Hong Kong S.A.R. (P.R.C.)
Authorized Representatives **in Hong Kong S.A.R.**	Patrizio Bertelli Via A. Fogazzaro, 28 - 20135 Milan, Italy Wendy Pui-Ting Tong 8th Floor, One Taikoo Place 979 King's Road Quarry Bay, Hong Kong S.A.R. (P.R.C.)
Alternate Authorized Representative **to Patrizio Bertelli in Hong Kong S.A.R.**	Annie Man Wai Au 8th Floor, One Taikoo Place 979 King's Road Quarry Bay, Hong Kong S.A.R. (P.R.C.)
Hong Kong Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716 17th Floor, Hopewell Centre 183 Queen's Road East Wanchai, Hong Kong S.A.R. (P.R.C.)
External Auditor	Deloitte & Touche S.p.A. Via Santa Sofia, 28 - 20122 Milan, Italy

CHAPTER 2

Financial Review

Introduction

Prada S.p.A. is the parent company of the PRADA Group. Prada S.p.A. acts as a holding company and carries out manufacturing, distribution, retail, and brand management operations in the luxury goods industry, both directly and through its subsidiaries and associates.
Its main activities are as follows:

- production of leather goods, ready to wear, footwear, and accessories bearing the Prada, Miu Miu, Church's and Car Shoe brands;
- wholesale worldwide distribution of leather goods, footwear, ready to wear bearing the Prada, Miu Miu, Church's and Car Shoe brands;
- licensing the Prada and Miu Miu trademarks for the design, production and distribution of items other than those aforementioned;
- retail sales at sales outlets and stores in Italy and online;
- management of equity investments;
- services to Group companies, including:
  - retail management services (preparation of budgets, selection of product mix, visual displaying, store management);
  - advertising and promotional services, in particular media planning and design;
  - information technology services regarding the IT infrastructure and the centralised, integrated management of software;
  - engineering services for store openings, renovation and maintenance;
  - financial services involving the granting of loans;
  - corporate services regarding legal affairs and tax advisory, administration/ accounting, human resource, security and logistics consultancy.

The Board of Directors' Financial Review refers to Prada S.p.A. (the "Company"), the operating parent company of the PRADA Group. It is based on the separate financial statements for the year ended December 31, 2024, prepared in accordance with the International Financial Reporting Standards ("IFRSs") adopted in the European Union. The Financial Review should be read in conjunction with the financial statements and the related notes, which form an integral part of the Separate Financial Statements.

2024 Highlights

We are pleased to report another year of sound results and solid progress in the evolutionary journey, as high brand desirability and disciplined execution drove a positive trajectory on both revenue and margins.

The Prada brand continued to carve the cultural landscape leveraging its distinctive identity and polyhedric DNA. The creative dialogue translated once again into acclaimed menswear and womenswear fashion shows.

The consistent like-for-like growth trajectory was supported by a well-balanced category mix. Leather goods offering was further enriched, with very good reception of newness and ongoing celebration of icons, while creative dynamism continued to generate high appreciation of ready-to-wear collections.

Signature events and collaborations fostered the brand's multifaceted universe: the participation to 37th America's Cup and the groundbreaking partnership on NASA's spacesuits are a testament to Prada's technological know-how and innovation.

At Miu Miu, the irreverent and subversive aesthetics continued to captivate the audience and kept the brand in the spotlight, cementing its positioning. Its immediate and instinctive creativity drove a widespread appreciation across all categories and regions; new and ongoing exclusive collaborations continued to resonate and reach new audiences.
Miu Miu's deep connection with culture resulted in artistic collaborations and special events that fueled contemporary debate with a distinctive voice to be reckoned with. The brand's fashion shows increasingly featured crossovers with

various artistic disciplines, offering a new layer of reflection on contemporary society.
Good progress at Church's as the strategic efforts of the past years continued to keep the brand on a positive topline trajectory.
The Company also progressed at pace with its digital transformation plan aimed at enhancing technology capabilities across a wide spectrum of activities.

On the industrial front, the Company kept investing in the enrichment of its manufacturing skills, expanding its production premises. The recent enlargement of the Torgiano hub, unveiled in May 2024, is a testament to the Company's commitment to create well-rounded facilities where craftmanship and heritage meet innovation and efficiency. The plant also hosted a new edition of the Prada Academy in September 2024 as the Company maintains its pledge to preserve tradition and know-how across generations.
The Company also continued to execute on its sustainability strategy across all pillars: Planet, People and Culture.

Working on climate change remains a key focus for the Company, with progress being made in reducing GHG emissions thanks to the constant investment in green energy and the launch of an ambitious raw materials conversion plan towards lower impact solutions. The scope of the work expanded during the year to include understanding the impact of the Company's procurement on the key dimensions of biodiversity.

The Company's purpose to be Drivers of Change shaped the People agenda, with a very strong focus on inclusion and equality, achieving 46% female representation in top and senior management positions and defining a new global parental policy to also promote work-life balance.
The Culture pillar continues to be distinctive for the Company, which reaffirmed its strong commitment to water conservation with the funding and multiple activities in support of the SEA BEYOND project.

Analysis of the Statement of Profit or Loss

(amounts in thousands of Euro)	twelve months ended December 31 2024	%	twelve months ended December 31 2023	%
Net sales	2,856,027	95.9%	2,449,433	96.0%
Royalties	120,944	4.1%	102,908	4.0%
Net Revenues	2,976,971	100.0%	2,552,341	100.0%
Cost of goods sold	(947,952)	-31.8%	(819,274)	-32.1%
Gross Margin	2,029,019	68.2%	1,733,067	67.9%
Operating expenses	(1,022,279)	-34.3%	(882,868)	-34.6%
EBIT	1,006,740	33.8%	850,199	33.3%
Interest and other financial expenses, net	(28,822)	-1.0%	(66,153)	-2.6%
Dividends from investments	170,501	5.7%	24,584	1.0%
Income before taxation	1,148,420	38.6%	808,629	31.7%
Taxation	(298,713)	-10.0%	(241,889)	-9.5%
Net income for the year	849,707	28.5%	566,740	22.2%
Depreciation, amortization and impairment	155,088	5.2%	138,491	5.4%
EBITDA	1,161,828	39.0%	988,690	38.7%

Net revenues for the year ended December 31, 2024 amounted to Euro 2,977 million, up by 16.6% with respect to the previous year net revenues of Euro 2,552 million.

The gross margin increased of Euro 296 million, up by 17.1% with respect to the previous year; the operating expenses reduced as a percentage of the net revenues, resulting in an increase of the EBIT margin: from 33.3% to 33.8%. The absolute increase of the operating expenses was attributable primarily to variable costs resulting from the sales increase, higher marketing spends, personnel expenses, and IT spend.

The analysis of operating expenses is detailed in the Notes to the Financial Statements (Note 25).

The net financial result consists primarily of the following income and expenses:

- Euro 170.5 million in dividends received;
- Euro 7 million in net exchange losses;
- Euro 4.9 million in net interest income;
- Euro 19.9 million in impairment adjustments and loss coverage of investments in subsidiaries;
- Euro 1.4 million in other financial expenses.

Tax expenses totalled Euro 299 million, corresponding to 26% of the pre-tax income; compared to the 29.9% of 2023.

The net income for the year was Euro 850 million (28.5% of net revenues), versus Euro 567 million (22.2% of net revenues) reported in 2023.

During the reporting period, the Company did not carry out any unusual and/or atypical transactions that had a material effect on the financial statements.

Analysis of the Statement of Financial Position

Net invested capital

The statement of financial position is reclassified below to provide a better view of net invested capital.

(amounts in thousands of Euro)	December 31 2024	December 31 2023
Right of use assets	356,683	349,283
Non-current assets (excluding deferred tax assets)	2,717,920	2,416,106
Trade receivables, net	760,671	724,077
Inventories, net	402,034	343,017
Trade payables	(655,469)	(557,055)
Net operating working capital	507,237	510,038
Other current assets (excluding items of financial position)	160,459	205,303
Other current liabilities (excluding items of financial position)	(434,858)	(322,414)
Other current assets/(liabilities), net	(274,399)	(117,111)
Provision for risks	(11,913)	(10,205)
Long-term employee benefits	(51,274)	(33,851)
Other long-term liabilities	(50,002)	(53,153)
Deferred taxation, net	76,788	63,082
Other non-current assets/(liabilities)	(36,401)	(34,128)
Net invested capital	3,271,040	3,124,188
Shareholder's equity	(3,325,314)	(2,842,560)
Total shareholders' equity	(3,325,314)	(2,842,560)
Long-term financial, net surplus/(deficit)	(102,122)	(124,097)
Short-term financial, net surplus/(deficit)	511,537	189,824
Net financial position surplus/(deficit)	409,415	65,727
Lease liabilities - non-current	(309,476)	(309,764)
Lease liabilities - current	(61,733)	(56,945)
Financial Receivables IFRS 16 - leases	16,068	19,354
Total lease liability	(355,141)	(347,355)
Shareholders' equity and net financial position	(3,271,040)	(3,124,188)
Debt to Equity ratio	-12.5%	-2.1%

As of December 31, 2024, the Company had net invested capital of Euro 3,271 million, net financial surplus of Euro 409 million and equity of Euro 3,325 million.

The right of use assets increased by Euro 7 million, mainly as a result of new leases, re-measurements of existing leases and net of depreciation.

Non-current assets (excluding deferred tax assets) rose by Euro 302 million (Euro 2,718 million at December 31, 2024 versus Euro 2,416 million at December 31, 2023) mainly due to capital expenditures and investments in subsidiaries and associates made during the period, net of depreciation, amortisation and impairment.

Capital expenditures primarily relate to the advancement of the technological and digital roadmap in the retail, manufacturing and corporate areas and continued investments in the manufacturing facilities to strengthen the supply chain.

Net operating working capital was Euro 507 million at December 31, 2024, down by Euro 3 million from that of December 31, 2023.

(amounts in thousands of Euro)	December 31 2024	December 31 2023
Net operating working capital	507,237	510,038
Derivative Financial instruments	(15,478)	7,224
Other receivables from parent companies, subsidiaries, associated and related parties	2,457	11,012
Other current assets	103,514	102,477
Current tax receivables (payables)	(42,871)	37,666
Other liabilities to parent companies, subsidiaries, associated and related parties	(6,375)	(9,801)
Other current liabilities	(315,646)	(265,690)
Other current assets (liabilities), net	(274,399)	(117,111)
Net working capital	232,838	392,926

Net working capital decreased by Euro 160 million, resulting from the increase of other current liabilities net up by Euro 157 million, balanced by the decrease of the Net operating working capital (Euro 2.8 million).
The other current liabilities (net) amount to Euro 274 million as of December 31, 2024, up by Euro 157 million from December 31, 2023, mainly due to the variation of the current tax receivables (payables) and change in derivative financial instruments down by Euro 23 million.

Net financial position

(amounts in thousands of Euro)	December 31 2024	December 31 2023
Long term debt, net of current portion	(141,968)	(272,262)
Total financial payables - non-current	(141,968)	(272,262)
Financial payables and bank overdrafts - current	(130,842)	(129,691)
Payables to parent companies, subsidiaries, associated and related parties	(122,291)	(100,069)
Total financial payables - current	(253,133)	(229,760)
Total financial payables	(395,101)	(502,023)
Financial receivables from parent companies, subsidiaries, associated and related parties - non-current	39,846	148,165
Financial receivables from parent companies, subsidiaries, associated and related parties - current	162,927	194,557
Cash and cash equivalents	601,743	225,028
Total financial receivables and cash and cash equivalents	804,516	567,750
Net financial surplus/(deficit), total	409,415	65,727
Dividend payable	(3)	(2)
Net financial surplus/(deficit)	409,412	65,725
Net financial surplus/(deficit) third parties	328,930	(176,928)
Lease liability	(371,209)	(366,709)
Financial Receivables IFRS 16 (Leases)	16,068	19,354
Net financial surplus/(deficit) including Financial Receivables IFRS 16 and Lease liability	(26,210)	(524,283)
Net financial position surplus/(deficit) including lease liability third parties	(42,278)	(543,637)

As at December 31, 2024, the net financial surplus amounts to Euro 409 million, increase by Euro 344 million compared with the previous reporting date.
Long-term financial payables decreased by Euro 130 million, due to the reclassification to short-term financial payables of payments due within 12 months, net of the new intercompany loans.

The total amount of undrawn lines of credit at December 31, 2024 is Euro 1,065 million, consisting of Euro 800 million committed and Euro 265 million uncommitted.

To provide greater financial flexibility, on April 17, 2024 Prada S.p.A. signed a new Euro 800 million Sustainability-Linked Revolving Credit Facility (5-year duration), replacing the existing Euro 400 million facility. This new Revolving Credit Facility is undrawn as of December 31, 2024.
All financial covenants were fully complied with at December 31, 2024 and they are expected to be complied with in the next 12 months as well.

As shown in the Statement of Cash Flows, net cash flows from operating activities amount to Euro 987 million and net cash used by the investing activities amount to Euro 83 million, including dividends received for Euro 170 million. A detailed analysis of dividends by counterparty is provided in Note 26 "Interest and other financial income/(expenses), net" to the Financial Statements.

Further information on the Company's debt maturities and obligations, currency and interest rate risk management, commitments and contingent liabilities are provided in Notes 13, 18 and 20 of the Notes to the Separate Financial Statements.

Risk factors and management

The Prada Group's business is exposed to various risks that, if they materialize, could adversely affect its operations, results and financial situation, or reputation.

Some of these risks depend on the constantly changing and highly competitive environment for the luxury industry, which primarily concern the desirability of the Group's products. For this reason, some of the main strategies of the Company's are (i) guaranteeing constant recognition of the brands as reference points in the industry, (ii) supporting and developing retail sales, as well as (iii) the continuous identification, monitoring and mitigation of the main Group risks.

In order to manage, anticipate and mitigate its risk exposure, and to ensure that it can develop its business sustainably over the long term, the Company has set up a risk management system.

Risk factors are presented as follows:

1. Operational and ESG Risks

1.a. Intellectual property and brand protection

Description	What we do
The Group's brands and other intellectual property rights are fundamental assets. Infringements of the Group's intellectual property rights can have significant negative impacts on its results and damage its image.	The Group pursues an active anti-counterfeiting policy involving both preventive measures and legal actions. Its strategy is based on the following pillars: — the Group's brands, designs, patents and websites are registered to obtain legal protection in all countries throughout the world; — an Intellectual Property Team is responsible for brand protection efforts globally, online and offline, through – among others – monitoring actions (in both traditional markets and on the internet), inspections, contacts with competent local and international authorities and custom agencies, legal actions; for all such actions, the team can act directly or with the support of external consultants. In addition, all products have been equipped with a remote frequency identification (RFID) tag, using a technology that makes it possible to verify the authenticity of the products and track them. All retail and wholesale products bearing the RFID tag have also been registered on the blockchain of the Aura Consortium.

1.b. Commercial attractiveness and desirability

Description	What we do
The Group's success is reliant on its ability to create and influence fashion and product trends, to timely anticipate shifts in consumer taste and trends, and to meet and exceed customer expectations. Failure to timely perceive fashion needs or to translate them into the styling, design and development phase could negatively impact the appeal of the Group's brands and, therefore, its results and financial situation.	The Group addresses the risk – first of all – by investing in strong and structured style and design teams, capable of fine-tuning with cultural and consumer changes. The teams – guided by Miuccia Prada and Raf Simons, as for the "Prada" brand, and by Miuccia Prada for the "Miu Miu" brand – are composed of professionals of different nationalities, cultures and talents, to foster creativity. In addition, they are invited to combine a strong sense of fashion with intellectual curiosity, the pursuit of new and unconventional ideas, as well as cultural and social interests. Secondly, the Group pursues cutting edge communication strategies, to be in-tune with – and even to anticipate or create – fashion trends. In addition, the Group invests in regular store renovations (both brick-and-mortar and online) to channel the brands' images and guarantee enhanced customer experiences. Brand attractiveness and customer satisfaction are also pursued through regular training and professional qualification programs for its employees, especially those working in stores.

1.c. Talent management and retention

Description	What we do
The Group's operations require managers, employees and artisans having the right qualifications in the design, product development, production, marketing, merchandising, management and corporate functions. It is therefore key for the Group to retain skilled workforce and to train new generations, especially in a dynamic and evolving job market. Loss of talented and skilled people, high turnover rate, departure of senior executives and disappearance of craftsmanship heritage may impact on the Group's operations, product quality and, consequently, results.	The Group proactively addresses the risk by: (i) carrying out training initiatives, such as through the Prada Academy, where knowledge is shared and skills, techniques, and innovative ideas are shaped in a way to foster talent and hand down the professional expertise essential for the Group; (ii) monitoring the market, to acquire the best, and most fitting, professional skills and métiers; (iii) setting up retention initiatives, such as a performance management process based on individual goals and leadership development, as well as adequate incentive schemes.

1.d. Real Estate

Description	What we do
Should the Group lose strategic retail places, due to difficulties in finding fitting locations or in negotiating new leases at adequate terms and conditions, the Group's strategy could be undermined, with negative consequences for its results. Conversely, should the Group be compelled to carry out significant construction/renovation projects to align facilities to its standards, or unable to carry out projects timely and on budget, its financial situation could be negatively impacted.	Specific teams are responsible to handle real estate activities, such as market monitoring, conducting negotiations concerning real estate assets (leases and acquisitions) and construction and renovation projects for retail places. Moreover, the Group performs periodical reviews of contracts, site visits and "ad-hoc" counterparty due diligence.

1.e. Corporate image

Description	What we do
The Group's success in the international luxury goods business is linked to the image and distinct character of its brands, in a highly competitive environment. These features depend on many factors, such as the style and design of the products, the quality of the materials used and production techniques, image and locations of directly operated stores, careful selection of business partners, communication activities and the corporate profile in general. The Group is also mindful of the transparency and accountability demanded by its stakeholders in the rapidly evolving environmental, social and governance landscape in which it operates. Negative events concerning the above – such as unfavourable or inaccurate media coverage, negative campaigns on social network, individual behaviour contrary to the Group's values of ethics and integrity – can affect the Group's image and reputation and, consequently, negatively impact results.	The Group pursues the preservation of the image and prestige of the brands by (i) maintaining its innovative features for style, product and communication; (ii) monitoring each internal and external phase of the value chain to reduce the risk of inadequate performance; (iii) oversight of external communication concerning the brands, including through social media. The Group also undertakes ESG specific initiatives, through Prada S.p.A.'s Sustainability Committee, as well as its Board members with significant professional ESG experience, as well as corporate and industrial sustainability dedicated functions.

1.f. Fraud	
Description	**What we do**
Frauds may be perpetrated to obtain money or – among others – property or services, personal or business advantage. Lack of controls and insufficient segregation of duties could lead to fraud and, consequently, economic losses and reputational damages.	The Group has equipped itself with various control tools, preventive and deterrent processes, aimed at improving the efficiency and the monitoring of its treasury activities, such as: (i) various Group procedures in place (Code of Ethics, Anti-corruption policy, Corporate Finance & Treasury policy); (ii) the set up of the Whistleblowing system and its related policy; (iii) providing banking Power of Attorney to a limited number of people, regularly updated and duly approved by Board of Directors; (iv) strengthening Segregation of Duties, access controls to Corporate systems and its internal controls over treasury activities.

1.g. Supply Chain Management	
Description	**What we do**
Inability to source raw materials, manufacture, procure and distribute finished products on a timely basis at the required quality, quantity and cost from suppliers who meet quality and the Group's ethics standards could lead to disruptions in production, negative effects on the Group's results and/or damages to the Group's reputation. Although the Group does not significantly depend on any façon manufacturer, the suspension or termination of a relationship with some of the most significant façon manufacturers could adversely affect the Group's business and, as a consequence, its results.	The Group contracts with several suppliers, to avoid concentration of supply. The fact that production is mainly located in Europe, especially in Italy, grants an adequate level of competence, quality and reliability. In addition, sensitive processes – such as the creation of prototypes and samples, the cutting of hides and controls over raw materials and semifinished goods – take place at the Group's own manufacturing facilities. The Group's technical staff carries out controls to ensure that products meet quality standards and that the entire supply chain complies with Prada S.p.A.'s Code of Ethics, which must be signed by business partners. Moreover, the Group demands – and monitors (including through inspections) – compliance by manufacturers with applicable regulations concerning labor law, social security and occupational health and safety, as well as with the Group's regulations on brand ownership and other intellectual property rights.

1.h. Business resilience

Description	What we do
Business interruption can occur due to a variety of factors, including escalations in geopolitical or social tensions, restrictions to people movement or to exports, cyberattacks, property damages caused by an extreme weather event, public health events, machinery breakdowns, labor disputes and quality control failures on the operations. The resulting losses can be economic (e.g., decreased sales, increased labor costs, need to substitute a key supplier, decreased revenue potential due to natural disasters) and reputational.	The Group addresses these risks through a balanced geographical distribution of its stores, to avoid high concentration; operations/production mainly located in Italy, but in several facilities; operations/production located in new/renewed premises; continuous development of online sales activities; strengthening of the Information System department; insurance programs aimed at mitigating such risks.

1.i. Health, security and safety

Description	What we do
The Group is exposed to risks related to (i) workers' health and safety, such as injuries, occupational diseases and accidents that could lead to physical harm to people, (ii) non-compliance with quality and security standards of products. Such risks can lead to litigation, and related costs affecting the Group's financial situation, as well as damage to the Group's image.	To mitigate these risks, the Group (i) conducts periodic safety training and refresher courses; (ii) undergoes renovations and new constructions; (iii) carries out fire risk assessments on high-risk premises; and with respect to product quality, carries out quality control on manufacturing used in the production process (from sourcing to finishing touches).

1.j. Environmental

Description	What we do
The financial situation and the reputation or the Group could be affected by (i) extreme climatic phenomena, cost increases for raw materials and other similar environmental circumstances capable of affecting its production, (ii) new regulations aimed at containing pollution and climate change, which may trigger compliance costs or failures for the Group and (iii) changes in customer purchasing habits related to evolutions of the environmental context.	To prevent or mitigate these risks, the Group adopted ad hoc internal processes, including the sustainability policy which laid the foundations for the Company's sustainability focus based on three pillars - Planet, People and Culture - where the Group firmly believes it can make the greatest contribution in terms of value creation in its own industry and for the benefit of society as a whole. The Group formalized a sustainability strategy with a clear roadmap for the reduction of greenhouse gas emissions, extensive use of alternative, low impact materials for both finished products and packaging, and a more circular approach to materials used in production and for other purposes such as shows and events, where waste is recycled and reused. The strategy also focuses on the traceability of raw materials and the continuous improvement of social and environmental standards along the supply chain through close collaboration with suppliers.

Description	What we do
	The strategy is an evolving plan that will be improved and updated over time to respond to the needs and expectations of the Group's stakeholders and the changing market conditions in which it operates. In 2023, the organization moved towards identifying and formalizing medium-term targets and internal Key Performance Indicators (KPIs) to monitor the progress, with a particular focus on the decarbonization of its operations and the transition to lower impact materials for its finished products. In addition, the Company enforced the sustainability culture through the promotion of internal and external initiatives (e.g. Sea Beyond, Forestami Academy, corporate on/off-line dedicated trainings).

2. Financial risks

2.a. Credit risk

Description	What we do
Credit risk is defined as the risk of financial loss caused by the failure of a counterparty to meet its contractual obligations. The maximum risk to which an entity is exposed is represented by all the financial assets recognized in the financial statements. The Company considers its credit risk to involve primarily trade receivables generated from the wholesale channel and other commercial partners, and liquid assets. As part of Credit risk, the financial counterparty risk is managed through a proper diversification of financial counterparties, considering their creditworthiness and solvency: the risk of default of liquid assets substantially relates to bank deposits, which represent the Company's most widely-used financial product for investing surplus operating cash flows. Default risk is mitigated by the allocation of cash holdings to bank deposits that are diversified in terms of counterparties (always investment grade), country and currency, and by the consistently short-term period. The residual portion of liquid assets consists of cash and bank accounts.	The Company manages credit risk and mitigates the related effects through a control system based on the monitoring of the creditworthiness and solvency of customers, the stipulation of insurance contracts and the use of safe solutions such as advance payments. The Company considers no significant risk to exist on these kinds of liquid assets given that they are used for operating activities and business processes and, consequently, the number of independent parties involved is fragmented. However, there is a potential risk related to cash shortages at stores. The Group has equipped itself with various control tools, preventive and deterrent, aimed at improving the efficiency of cash management activities.

2.b. Liquidity risk

Description	What we do
Liquidity risk refers to difficulty that the Company could have in securing new funds, leading to a failure in meeting its financial obligations. The Directors are responsible for managing liquidity risk, whereas the Group CFO, supported by the Deputy Group CFO, is responsible for optimizing financial resources.	The Directors consider the currently available funds and lines of credit, in addition to the funding that will be generated by operating and financing activities, to be sufficient for enabling the Company to meet its requirements in terms of working capital management, investing activities, punctual loan repayment and the payment of any dividends as planned.

2.c. Foreign exchange risk

Description	What we do
The Company has a vast international presence, and therefore is exposed to the risk that changes in currency exchange rates could adversely impact revenue, expenses, margins and profit. In order to hedge foreign exchange risk, the Company enters into derivative contracts designed to fix the value in Euro (or other functional currency) of identified future cash flows. The future cash flows consist primarily of intercompany inflows of trade and financial receivables and intercompany outflows of trade payables.	The management of foreign exchange risk is described in more detail in the Notes to the Separate Financial Statements.

2.d. Interest rate risk

Description	What we do
Interest rate risk is the risk that future cash flows could be affected by interest rate fluctuations. In order to hedge this risk, the Company uses derivatives (such as interest rate swaps or collar) to convert variable-rate debt into fixed-rate debt or debt at rates within a specified range.	The management of interest rate risk is described in more detail in the Note 4 to the Separate Financial Statements.

3. Legal and regulatory risks

3.a. Risks related to the evolution of the regulatory framework

Description	What we do
In the various jurisdictions where it operates, the Company is subject to laws and regulations and, therefore, exposed to the risk of non-compliance, which – in the case of a major breach – could have a material impact on the business and performance of the Group. In addition, new legislation imposing more stringent standards may entail increased compliance or may limit the Company 's operations, with negative consequences for its financial performance. This can concern, in particular, the following: – risks associated to non-compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited or with other laws or regulations in force in Hong Kong S.A.R. that Prada S.p.A. must observe as it is listed on The Stock Exchange of Hong Kong Limited; – risks associated with occupational health and safety under Italian Legislative Decree 81/2008 and equivalent regulations in force in other countries; – possible legal penalties for wrongful acts pursuant to Italian Law 231/2001, as subsequently amended; – events that could adversely affect the accuracy of the annual financial statements and the protection of assets; – manufacturing compliance risks with respect to Italian and international laws and regulations regarding finished goods distributed and raw materials and consumables used.	The Company involves various divisions and uses external experts as necessary to keep its processes and procedures constantly updated in order to comply with changing rules and regulations in a timely manner, thereby mitigating the risk of non-compliance. Monitoring activities are performed by division managers, auditors, special entities and committees such as the Supervisory Body and the Audit and Risk Committee. Prada S.p.A. holds the status of Authorized Economic Operator ("AEO full"). This recognition, issued by the Customs Agency, is granted to companies that prove to be competent and virtuous in the management of their business processes, in compliance with both customs regulations and safety standards for goods.

3.b. Tax risk	
Description	**What we do**
The Prada Group's tax strategy is based on the prevention of tax risks and on tax certainty, both of which are pursued through ongoing dialogue and long-term, principled interaction with the tax authorities in the countries where it operates.	The Group's tax risks, which could arise from compliance errors or incorrect interpretation of regulations, are constantly monitored within the scope of an extensive internal control system, incorporated into the tax control framework. The effectiveness of the tax risk management system has made Prada S.p.A. eligible to participate in the Cooperative Compliance Tax Regime in Italy (under Italian Legislative Decree 128/2015), enhancing its tax control framework. Within such regime, the Company has expanded a systematic, open communication channel with the Italian and the foreign tax authorities of the most strategically important countries where it operates, based on reciprocal transparency and trust, with the purpose of minimizing the level of uncertainty about potentially risky situations.

Financial risk hedging policies

The Company's financial risk hedging policies and the effects of the strategies adopted are described in the notes to the Separate Financial Statements.

Research and development

The Company sees the creative process as the first step toward quality.
This unique approach enables the Company to anticipate and set trends, by experimenting constantly with shapes, fabrics, leathers and production techniques.
Research and development activities aim to create innovative products through the search for new or improved materials, the research and definition of design concepts, and the development of prototypes.

Related party transactions

Details of related party transactions are provided in Note 28 to the Financial Statements.

Treasury stock

As of December 31, 2024, the Company did not own any treasury stock.

Significant events of the reporting period

The "company information" and "mergers and acquisitions" sections of the Notes to the Financial Statements provide the information on the most significant events of the reporting period.

Events after the reporting date

No significant event to be reported.

External auditor

The Separate financial statements of the Company is audited by Deloitte & Touche S.p.A.. Under Italian company law, the external auditor is appointed, and its remuneration is resolved every three years by the shareholders' general meeting of the Company, on the basis of a proposal made by the Board of statutory auditors.

On April 13, 2012, the Stock Exchange granted to the Company a waiver from strict compliance with Rule 13.88 of the Listing Rules, which requires the appointment of an external auditor at each annual general meeting to hold office until the next annual general meeting. Therefore, the Company's external auditor is appointed, and its remuneration is determined, every three years at the shareholders' general meeting of the Company under the applicable Italian laws.

On January 23, 2025, the Board resolved, in accordance with the recommendations received from the Board of Statutory Auditors and the Audit and Risk Committee, to propose a resolution at the shareholders' general meeting of the Company on April 30, 2025 (the "2025 AGM") to appoint KPMG S.p.A. as the External Auditor of the Company for the three financial years ending December 31, 2025 to December 31, 2027, and to fix its remuneration.

Outlook

While being mindful that the complex industry dynamics are likely to persist, we continue to see clear opportunities for our brands and we remain committed to our investment plan across retail, technology and industrial capabilities to continue to support our growth and the organisation in its evolutionary journey. For the year ahead, we retain our ambition to deliver solid, sustainable, and above-market growth.

Proposed allocation of the result for the year

On March 4, 2025 the Board recommended the approval at the Shareholders' General Meeting of the allocation of the net income of the Company, for the year ended December 31, 2024, as follows: (i) Euro 419,647,136.00 to Shareholders as final dividend, in particular to declare and distribute a final dividend of Euro 0.164 per share, and (ii) Euro 430,059,840.93 to retained earnings of the Company.

The final dividends will be subject to the shareholders' approval at the forthcoming shareholders' general meeting of the Company to be held on Wednesday, April 30, 2025.

Subject to the shareholders' approval of the recommended final dividends, such dividends will be paid on Monday, May 19, 2025.
The final dividend will be paid to the shareholders recorded on the Company's shareholders register on Thursday, May 8, 2025, only, net of Italian withholding tax, where applicable. The current rate of Italian withholding tax applied to applicable dividend payments is equal to 26%.

Paolo Zannoni
Executive Deputy Chairman

Milan, March 4, 2025

CHAPTER 3

Corporate Governance

Corporate governance practices

The Company is committed to maintaining the highest standards of corporate governance to create long-term sustainable value for all its stakeholders, including its shareholders.
The corporate governance model adopted by the Company consists of a set of rules, standards and structured procedures aimed at establishing efficient and transparent operations within the Group, to protect the rights of the Company's shareholders, to enhance shareholder value and to uphold the Group's credibility and reputation. The corporate governance model adopted by the Company complies with the applicable laws and regulations in Italy, where the Company is incorporated, as well as with the principles set out in the Corporate Governance Code (the "Code") in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong (the "Listing Rules").

Compliance with the Code

The Board has reviewed the Company's corporate governance practices and it is satisfied that such practices have complied with the code provisions set out in the Code, for the year ended December 31, 2024 (the "2024 Year"), save for Code Provision F.2.2, as Mr. Patrizio Bertelli (Chairman of the Board) was not able to attend the annual general meeting of the Company held on April 24, 2024 (the "2024 AGM") due to other business commitments. In his absence, Mr. Paolo Zannoni (Executive Deputy Chairman of the Board) assumed the Chairman's role and duties at the 2024 AGM, ensuring the meeting proceeded smoothly with effective communication with the shareholders. This Corporate Governance Report summarizes how the Company applied the principles and implemented the code provisions contained in the Code for the 2024 Year.

Directors' securities transactions

The Company has adopted a written procedure governing Directors' securities transaction on terms no less exacting than those set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix C3 of the Listing Rules. In response to specific enquiries by the Company, all Directors confirmed that they complied with the required standard set out in the Model Code and the Company's procedure at all applicable times during the 2024 Year. There were no incidents of non-compliance during the 2024 Year.

The Company has also adopted a written procedure governing securities transactions carried out by the relevant employees who are likely to possess inside information in relation to the Company and its securities. This procedure is on terms no less exacting than those set out in the Model Code.

Directors' interests as at December 31, 2024, in the shares of the Company and its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange, pursuant to the Model Code contained in Appendix C3 of the Listing Rules, are set out in the Directors' Report under the Annual Report.

Board of Directors

A. Board Composition
The Board is currently made up of eleven Directors – six Executive Directors and five Independent Non-Executive Directors. The Board has an appropriate mix of skills and experience that is relevant to the Company's strategy, governance and business, and underpins its management effectiveness and efficiency. Its approach to achieving diversity is set out in the Board Diversity Policy, which is discussed in more detail in the paragraph headed Nomination Committee. Currently female representation at Board level is about 45%. Gender diversity at workforce levels is disclosed in the Annual Report and gender diversity (including Senior Management) is disclosed in the Sustainability Report. The Board believes that diversity should not be limited to gender.

The table below shows the structure, skill sets, expertise, and competencies of the Board:

					Committees				Skills and Expertise				
Directors	Age	Gender	Ethnicity *	ED / INED	Audit and Risk	Remuneration	Nomination	Sustainability	Business Management	Strategic Plannign & Risk Management	Financial Reporting / Banking	Legal / ESG	Related Industry Knowledge / Experience
Mr. Patrizio BERTELLI (Chairman of the Board)	78	M	I	ED					x	x			x
Mr. Paolo ZANNONI (Executive Deputy Chairman of the Board	76	M	I	ED		x			x	x	x		x
Mr. Andrea GUERRA (Chief Executive Officer)	59	M	I	ED					x	x			x
Ms. Miuccia PRADA BIANCHI	76	F	I	ED					x	x			x
Mr. Andrea BONINI (Chief Financial Officer)	45	M	I	ED					x	x	x		x
Mr. Lorenzo BERTELLI	36	M	I	ED			x	x	x	x		x	x
Mr. Yoël ZAOUI (Lead Independent Director)	64	M	NI	INED	x	x			x	x	x		x
Ms. Marina Sylvia CAPROTTI	47	F	I	INED					x	x		x	x
Ms. Pamela Yvonne CULPEPPER	60	F	NI	INED			x	x	x	x		x	x
Ms. Anna Maria RUGARLI	52	F	I	INED	x	x		x	x	x		x	x
Ms. Cristiana RUELLA	62	F	I	INED	x		x		x	x	x		x

* I refers to Italian and NI refers to Non-Italian

Biographical details of the Directors and their relationships, where applicable, are set out in the Directors and Senior Management section of the Annual Report. The Company has maintained both on its own website and on the website of the Stock Exchange an updated list of its Directors, identifying their respective roles and functions.

B. Board Meetings

During the 2024 Year, the Board held six meetings to discuss the Group's overall corporate strategic direction and objectives, assess its operational and financial performance (including the annual budget and the annual, interim and quarterly results), and approve the Group's main investments, extraordinary transactions, appointment of the Chief Executive Officer, the Executive Deputy Chairman and the Lead Independent Director, granting of powers to the Executive Directors, remuneration of Directors vested with special offices, including the Board Committees members, the adoption and updating of Group policies, and the approval of the 2024 Year Audit Plan and the Sustainability Report, and connected transactions. The average attendance rate of the Directors for these six meetings, held both in presence and through electronic means, was 87.88%.

Minutes of the Board meetings are kept by the Corporate Affairs Department. Minutes of the Board meetings and all Board Committees meetings are sent to the relevant Directors and are available for inspection by any Director by giving reasonable notice to the Company.

C. Board Attendance

The details of attendance at Board meetings, Board Committees meetings and shareholders' general meeting held during the 2024 Year are set out in the following table:

Directors	Board	Audit and Risk Committee	Remuneration Committee	Nomination Committee	Sustainability Committee	Shareholders' Meeting
Executive Directors						
Mr. Patrizio BERTELLI (Chairman)	5/6					0/1
Mr. Paolo ZANNONI (Executive Deputy Chairman)	6/6		3/3			1/1
Mr. Andrea GUERRA (Chief Executive Officer)	6/6					1/1
Ms. Miuccia PRADA BIANCHI	3/6					0/1
Mr. Andrea BONINI (Chief Financial Officer)	6/6					1/1
Mr. Lorenzo BERTELLI	6/6			0/2	5/5	1/1
Independent Non-Executive Directors						
Mr. Yoël ZAOUI (Lead Independent Director) [1]	5/6	8/9	3/3			1/1
Ms. Marina Sylvia CAPROTTI	4/6	3/4	2/2	2/2		0/1
Ms. Pamela Yvonne CULPEPPER [2]	6/6				5/5	1/1
Ms. Anna Maria RUGARLI [3]	5/6	4/5	1/1		5/5	1/1
Ms. Cristiana RUELLA [4]	4/4	5/5		-		-
Statutory Auditors						
Mr. Roberto SPADA (Chairman)	6/6					0/1
Ms. Maria Luisa MOSCONI	4/4					-
Ms. Patrizia ARIENTI	4/4					-
Dates of the Meetings	Jan 25, 2024	Jan 22, 2024	Mar 5, 2024	Feb 20, 2024	Jan 31, 2024	Apr 24, 2024
	Mar 7, 2024	Feb 27, 2024	Apr 24, 2024	Mar 5, 2024	Feb 29, 2024	
	April 24, 2024	Mar 4, 2024	July 9, 2024		Jul 11, 2024	
	Jul 30, 2024	Apr 22, 2024			Oct 8, 2024	
	Oct 30, 2024	Jul 15, 2024			Dec 12, 2024	
	Dec 19, 2024	Jul 29, 2024				
		Oct 28, 2024				
		Nov 26, 2024				
		Dec 16, 2024				
Average Attendance Rate of the Directors	87.88%	88.89%	100%	66.67%	100%	72.72%

Notes:

1. Chairman of the Audit and Risk Committee
2. Chairwoman of the Sustainability Committee
3. Chairwoman of the Remuneration Committee
4. Chairwoman of the Nomination Committee

* Mr. Maurizio CEREDA, former member of the Board (2/2 Board attendance and 1/1 Shareholders' Meeting attendance); former Chairman of the Nomination Committee (2/2 attendance); former Member of the Audit and Risk Committee (4/ 4 attendance)

* Mr. Antonino PARISI, former Chairman of the Board of Statutory Auditors (2/2 attendance at the Board meetings)

* Mr. David TERRACINA, former member of the Board of Statutory Auditors (2/2 attendance at the Board meetings)

D. Roles and Responsibilities

The Board is the highest decision-making body of the Company vested with the power to manage all ordinary and extraordinary matters of the Company. The Board has the power to perform all acts it deems necessary or useful in the pursuit of the Company's corporate purposes, except for those acts specifically reserved for approval by the shareholders by relevant laws or regulations or the By-laws. In particular, the Board is responsible for setting the overall strategy, as well as reviewing the operational and financial performance of the Company and the Group. Therefore, the Board considers and decides on all matters concerning the overall Group strategy, including the sustainability strategy, the Group's strategic objectives, annual budgets, annual, interim, and quarterly results, approval of major transactions, connected transactions, and any other significant operational and financial matters. The Board is also responsible for evaluating on an ongoing basis the effectiveness of the internal control and risk management system.

Among the Directors, some, upon the decision of the Board, are granted with specific delegated powers and with power to sub-delegate their powers to selected personnel outside the Board. To this respect, the Company has adopted a system of delegated powers and powers of attorney aimed at ensuring the segregation of duties and the efficient and regular performance of the activities in accordance with the procedures adopted by the Company itself.

During the 2024 Year, all Board members were provided with monthly financial updates, prepared by the Executive Directors with the support of the management. The purpose of such updates was to provide a balanced and comprehensive assessment of the performance, position, and prospects of the Group in sufficient detail, in order to enable each Director to perform his/her duties.

The Board believes that corporate culture underpins the long-term business, economic success, and sustainable growth of the Group. The Board sets and promotes company culture and expects and requires employees to follow the Group's procedures and policies. For details, please refer to the Directors' Report under the Annual Report and the Sustainability Report.

The Executive Directors are responsible for the day-to-day management of the Company and to make operational and business decisions within the control and delegated powers framework of the Company.
The types of decisions delegated by the Board to the management include:

- the preparation of annual, interim, and quarterly results for the Board's approval;
- the execution of business strategies and other initiatives adopted by the Board;
- the monitoring of operating budgets adopted by the Board;
- the design, implementation and monitoring of the internal control and risk management system; and
- the compliance with relevant statutory requirements, rules, and regulations.

E. Independent Non-executive Directors

The Independent Non-Executive Directors provide the Company with diversified skills, expertise, and qualifications as well as varied backgrounds and perspectives. They participate in the Board and Board Committees meetings to provide independent and objective opinions, advice and judgment on important matters relating to the Company's strategy, policy, financial performance, and take the lead on matters where conflicts of interests may arise. The Board also reviews on an annual basis the implementation and effectiveness of the mechanisms established to ensure independent views and input are available to the Board. They also attend the shareholders' general meetings of the Company to understand the views of the shareholders. They make a positive contribution to the development of the Company's strategy and policy through independent, constructive, and informed comments.

The Independent Non-Executive Directors enhance the effectiveness and decision-making of the Board by providing objective judgement and constructive challenge. Their independence is assessed upon appointment, annually, and whenever the circumstances warrant reconsideration.

All the Independent Non-Executive Directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules and have, as required by the Listing Rules, provided the Company with the written confirmations as to their independence. The independence of the Independent Non-Executive Directors was further confirmed following the review by the Nomination Committee conducted on February 4, 2025. None of the Independent Non-Executive

Directors of the Company has any business or financial interest in the Company or its subsidiaries.

F. Liability Insurance for the Directors

The Company has arranged appropriate liability insurance to indemnify its Directors for their liabilities arising out of corporate activities. The insurance coverage is reviewed on an annual basis.

G. Directors' Training

Upon appointment to the Board, Directors are provided with a comprehensive induction program to ensure that they have a thorough understanding of the key areas of business operations and practices of the Company, as well as their role and responsibilities under the relevant laws, rules and regulations.

During the 2024 Year, Mr. Patrizio Bertelli, Mr. Paolo Zannoni, Ms. Miuccia Prada Bianchi, Mr. Andrea Guerra, Mr. Lorenzo Bertelli, Mr. Andrea Bonini, Mr. Yoël Zaoui, Ms. Marina Sylvia Caprotti, Ms. Pamela Yvonne Culpepper, Ms. Anna Maria Rugarli, and Ms. Cristiana Ruella participated in training provided by Company on business updates and sector's developments. The Directors also received updates on the development of the laws, rules and/or regulations relating to Directors' duties and responsibilities to develop and refresh their knowledge and skills, including the proposed amendments on corporate governance rules and related Listing Rules. Ongoing training helps Directors keep abreast of current trends and issues facing the Group, while enabling them to update and refresh their skills and knowledge necessary to perform their duties. As the mandate of Mr. Maurizio Cereda expired as Independent Non-Executive Director on April 24, 2024, he did not participate in the director's training provided by the Company during the 2024 Year.

Directors were required to provide the Company with their training records during the 2024 Year. The records are maintained by the Corporate Affairs Department.

Chairman and Chief Executive Officer

At the 2024 AGM, Mr. Patrizio Bertelli was appointed as the Chairman of the Board. On the same date, the Board appointed Mr. Andrea Guerra as Chief Executive Officer, granting him with the relevant delegated powers. The role of the Chairman is separate from that of the Chief Executive Officer. The Chairman is vested with the powers to represent the Company and provides leadership to the Board. He is responsible for ensuring that the Board is functioning effectively and adheres to good corporate governance practices and procedures. The Chief Executive Officer, supported by the other Executive Directors and senior management, is responsible for managing the Company's business, including the implementation of major strategies and other initiatives adopted by the Board.

Relationships between directors

Ms. Miuccia Prada Bianchi (Executive Director of the Company) and Mr. Patrizio Bertelli (Chairman of the Board and Executive Director of the Company) are husband and wife. Mr. Lorenzo Bertelli (Executive Director of the Company) is the son of Ms. Miuccia Prada Bianchi and Mr. Patrizio Bertelli.

Appointment of the Board members

At the 2024 AGM, the Board (consisting of eleven Directors) was appointed for a term of three financial years. The mandate of all the current Directors will lapse on the date of the shareholders' general meeting called to approve the financial statements of the Company for the year ending December 31, 2026. Under the Company's By-laws, the Directors may be re-appointed.

On April 9, 2024, Ms. Cristiana Ruella obtained legal advice as regards the requirements under the Listing Rules that are applicable to her as a director of a listed issuer and the possible consequences of making a false declaration or giving false information to the Stock Exchange and has confirmed she understood her obligations as a director of a listed issuer.

The mandate of Mr. Maurizio Cereda as an Independent Non-Executive Director expired on April 24, 2024.

Corporate Governance Functions of the Board

The Board is responsible for determining and supervising the implementation of the Company's corporate governance policies and ensuring its compliance with the provisions of the Code. The Board's role in this regard is:

(i) to develop and review the Company's policies and practices on corporate governance;
(ii) to review and monitor the training and continuous professional development of Directors and senior management;
(iii) to review and monitor the Company's policies and practices regarding compliance with legal and regulatory requirements;
(iv) to develop, review and monitor the Code of Ethics, the Organisation, Management and Control Model (adopted pursuant to Italian Legislative Decree no. 231 of June 8, 2001) and the Company's procedures applicable to directors and employees;
(v) to review relevant Environmental, Social and Governance ("ESG") matters;
(vi) to review the Company's compliance with the Code and the disclosure of such in this Corporate Governance Report; and
(vii) to perform any other corporate governance duties and functions set out by the Listing Rules or other applicable rules, for which the Board shall be responsible.

During the 2024 Year, the Board completed the following activities with respect to corporate governance matters:

(i) approved the appointment of the Chief Executive Officer, the Executive Deputy Chairman, and the Lead Independent Director;
(ii) approved the granting of powers to the Executive Directors;
(iii) approved the composition of the Board Committees and appointed the members of the same;
(iv) approved the remuneration of Directors vested with special offices, including the members of the Board Committees;
(v) approved the appointment of the members of the Supervisory Body (Organismo di Vigilanza), including its Chairwoman;
(vi) reviewed the level of compliance with the Code;
(vii) reviewed the effectiveness of the internal control, risk management system and ESG performance of the Company through the Internal Audit Department, the Audit and Risk Committee, and the Sustainability Committee;
(viii) reviewed and approved the Sustainability Report;
(ix) approved the Group's main transactions, including connected transactions, and extraordinary transactions with third parties;
(x) reviewed and/or approved the updated versions of the Connected Transaction Policy, Disclosure Policy, Board Diversity Policy (including review of its implementation and effectiveness), Dividend Policy, and Director Nomination Policy;
(xi) adopted the Notifiable Transactions Policy; and
(xii) approved the compliance with the new Rule 2.07 of the Listing Rules and reviewed the Shareholders Communication Policy accordingly.

Board Committees

The Board has established the Audit and Risk Committee, the Remuneration Committee, the Nomination Committee, and the Sustainability Committee, each chaired by an Independent Non-Executive Director, in compliance with the Code. The Terms of Reference and membership of the first three Board Committees are published on the websites of both the Company and the Stock Exchange. The Terms of Reference of the Board Committees are no less exacting than those set out in the Code. The Board Committees are provided with sufficient resources to perform their duties and upon reasonable request, are able to seek independent professional advice in appropriate circumstances at the Company's expense.

A. Audit and Risk Committee

The Company has established an Audit and Risk Committee in compliance with Rule 3.21 of the Listing Rules, where at least one member possesses related financial management expertise to perform the duties of the Audit and Risk

Committee. The current members of the Audit and Risk Committee were appointed by the Board on April 24, 2024, and consist of three Independent Non-Executive Directors, namely Mr. Yoël Zaoui (Chairman, appointed on July 15, 2024), Ms. Cristiana Ruella and Ms. Anna Maria Rugarli. The former members of the Audit and Risk Committee, whose mandate elapsed on April 24, 2024, were also three Independent Non-Executive Directors, namely Mr. Yoël Zaoui (Chairman), Ms. Marina Sylvia Caprotti and Mr. Maurizio Cereda.

The primary duties of the Audit and Risk Committee are to assist the Board in providing an independent view on the independence, adequacy, effectiveness and efficiency of the internal audit function, the Company's financial reporting process and its internal control and risk management system, to oversee the external audit process, the internal audit process and financial controls activity, to implement the Company's risk management functions, to examine the work plan of internal audit, to review the relationship with the External Auditor by reference to the work performed by the External Auditor, as well as their independence, fees and terms of engagement, and to perform any other duties and responsibilities assigned to it by the Board.

During the 2024 Year, the Audit and Risk Committee held nine meetings on January 22, February 27, March 4, April 22, July 15, July 29, October 28, November 26, and December 16 (with an average attendance rate of 88.89%) mainly to review, with senior management, Internal Audit Department, External Auditor and Board of Statutory Auditors, the significant internal and external audit findings and financial matters as required under the Audit and Risk Committee's Terms of Reference and to make relevant recommendations to the Board. The Audit and Risk Committee's review covered, inter alia, the audit plan for the 2024 Year, the findings of both the Internal Audit Department and the External Auditor reporting activities, internal controls and audit activities over the supply chain, risk assessment, annual review of the continuing connected transactions of the Group for 2023, the Group budget for the 2024 Year, the Sustainability Report for the year ended December 31, 2023, connected transactions and extraordinary transactions with third parties, Group policies, the selection process for the new External Auditor to be appointed by the shareholders' meeting for the three-year period 2025-2027, the methodology applied to the impairment test, tax and legal updates and financial reporting matters (including the annual results for the year ended December 31, 2023, the interim financial results for the six months ended June 30, 2024, and the quarterly results for the three months ended March 31, 2024, and the nine months ended September 30, 2024, respectively), before recommending them to the Board for approval.

In 2025, the Audit and Risk Committee also held three meetings – on January 20, 2025, February 10, 2025, and February 28, 2025 – to examine and recommend to the Board the approval of the 2025 Group budget, to review connected transactions and extraordinary transactions with third parties, to give updates on the selection process for the new External Auditor to be appointed by the shareholders' meeting for the three-year period 2025-2027 and recommend it to the Board, to discuss the audit activities on the 2024 Separate Financial Statements and Annual Report of the Company presented by Deloitte & Touche S.p.A., to evaluate the methodology applied to the impairment test, to discuss the status of the major pending litigations, including tax litigations, of the Group, to have an update on the internal audit and risk management activities, and to review, for the 2024 Year, the annual results, the Sustainability Report, the continuing connected transactions, and the Internal Audit Department and Audit and Risk Committee reports.

External Auditor's compensation

The total fees and expenses accrued in favor of Deloitte & Touche S.p.A. and its network for the audit of the financial statements for the 2024 Year and for the year ended December 31, 2023, together with non-audit services, are illustrated below (amounts in thousands of Euros):

Type of service	Audit Firm	twelve months ended December 31 2024	twelve months ended December 31 2023
Audit services	Deloitte & Touche S.p.A.	550	514
Total audit fees to Deloitte Network		550	514
Other advisory services	Deloitte Network	150	756
Total non-audit fees to Deloitte Network		150	756
Total compensation to Deloitte Network		700	1,270

B. Remuneration Committee

The primary duties of the Remuneration Committee are to make recommendations to the Board on the Company's policy and structure for the remuneration package of Directors and senior management and the establishment of a formal and transparent procedure for developing policies on such remuneration. The recommendations of the Remuneration Committee are then submitted to the Board for consideration and adoption, where appropriate.

The current members of the Remuneration Committee were appointed by the Board on April 24, 2024, and consist of two Independent Non-Executive Directors, Ms. Anna Maria Rugarli (Chairwoman, appointed on April 24, 2024) and Mr. Yoël Zaoui, and the Executive Deputy Chairman and Executive Director, Mr. Paolo Zannoni. The former members of the Remuneration Committee, whose mandate elapsed on April 24, 2024, were also two Independent Non-Executive Directors, Ms. Marina Sylvia Caprotti (Chairwoman) and Mr. Yoël Zaoui, and the Executive Deputy Chairman and Executive Director, Mr. Paolo Zannoni.

During the 2024 Year, the Remuneration Committee held three meetings on March 5, April 24, and July 9, 2024 (with an average attendance rate of 100%) to recommend the remuneration of the Directors vested with special offices, to review the remuneration of the Directors and Board Committees members and the Board of Statutory Auditors, to review the remuneration of the senior management of the Company, and to review and discuss fringe benefits and provide an update on the existing long-term incentive ("LTI") plans.

The Remuneration Committee also held one meeting on January 15, 2025, to review and provide an update on the remuneration of the Executive Directors and top management of the Company and on the new LTI plan for the three-year period 2025-2027, and review the Terms of Reference of the Remuneration Committee.

Remuneration Policy

The Group's remuneration policy is aimed at attracting, rewarding, and retaining its personnel, who are considered the key to the success of the Group's business. This "Human Capital" is preserved through constant monitoring, in order both to maintain engagement with the Company and a remuneration policy in line with the market. To ensure the Company's ability to attract and retain talent, the Company's remuneration policy is built upon the principles of providing an equitable and market-competitive remuneration package that supports the performance culture and enable the achievement of strategic business goals.

The Group's remuneration policy is designed to reward and retain highly professional staff and skilled managers, new graduates, and workers, and to create value in the medium and long term through constant organisational learning and the consolidation of collaborators' experiences and skills.

The policy comprises fixed, variable, direct and deferred components, appropriate for the relevant position and professional qualifications, and is consistent with the needs of the various geographic areas.

The Group has an incentive system that links compensation with the annual performance of the Group, taking into account the Group's economic and financial objectives, as well as the objectives of each department, depending on the role of the specific individual.

The Group has adopted long-term cash incentive plans for executive directors, senior managers, and key managers for retention purposes. Entitlement to benefits under such plans vests in the eligible executive director, senior manager or key manager, subject to the achievement by the Group of one or more economic and financial objectives, as well as certain ESG targets, and his/her presence within the Group at the end of a three-year period.

Other incentive schemes specific to sales staff are also in place, and operations and manufacturing staff of the Group may receive a collection bonus following the development of a seasonal collection.

The aggregate basic remuneration of the Board is approved by the shareholders in a general meeting. The additional remuneration of each Director vested with special offices (that is, the Executive Directors and members of the Board Committees) is determined by the Board after having considered the recommendation of the Remuneration Committee and the opinion of the Board of Statutory Auditors.

Under the current remuneration package, the Executive Directors receive remuneration in the form of fees, salaries and other benefits, discretionary bonuses and/or other incentives, including non-monetary benefits and other allowances and contributions such as contributions to retirement benefits schemes. The Independent Non-Executive Directors receive remuneration in the form of fees and contributions to retirement benefits schemes, as the case may be. No Director is allowed to approve his/her own remuneration.

C. Nomination Committee

The primary duties of the Nomination Committee are to determine the policy for the nomination of Directors and to make recommendations to the Board for consideration and, where appropriate, adoption on the structure, size and composition of the Board itself, on the selection of new Directors and on the succession plans for Directors.

The current members of the Nomination Committee were appointed by the Board on April 24, 2024, and consist of two Independent Non-Executive Directors, Ms. Cristiana Ruella (Chairwoman, appointed on July 24, 2024) and Ms. Pamela Yvonne Culpepper, and one Executive Director, Mr. Lorenzo Bertelli. The former members of the Nomination Committee, whose mandate elapsed on April 24, 2024, were also two Independent Non-Executive Directors, Mr. Maurizio Cereda (Chairman) and Ms. Marina Sylvia Caprotti, and one Executive Director, Mr. Lorenzo Bertelli.

During the 2024 Year, the Nomination Committee held two meetings on February 20, and March 5, 2024 (with an average attendance rate of 66.67%) to perform the annual review of both the independence of the Independent Non-Executive Directors and of the structure, size and composition of the Board for the year ended December 31, 2023, to provide recommendations on the structure, size and composition of the new Board and new Board of Statutory Auditors to be appointed at the 2024 AGM, in line both with the Director Nomination Policy and the Board Diversity Policy, and to review the list of both the new Directors and new Statutory Auditors submitted by the majority shareholder Prada Holding S.p.A. to be proposed at the 2024 AGM.

The Nomination Committee also held one meeting on February 4, 2025, to review the Terms of Reference and to perform the annual review of both the independence of the Independent Non-Executive Directors and of the structure, size, and composition of the Board for the 2024 Year.

With a view to achieving a sustainable and balanced development, the Company has viewed diversity at the Board level as an essential element to attain its strategic objectives and its development. The Board Diversity Policy was originally adopted by the Board in September 2013. On January 25, 2024, the Board adopted a new version of the Board Diversity Policy, substantially in line with the previous version, updated to the current applicable Listing Rules, as well as compliant with the most recent best practices. According to the principles set out in the Board Diversity Policy, all Board members' appointments are based on merit, with candidates proposed and selected based on objective criteria, with due regard for diversity within the Board. Diversity in this sense encompasses a wide range of factors, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. The final selection is based on merit and the contribution, which the candidates can bring to the Board. Throughout the 2024 Year, and until the appointment of the current Board, which occurred at the 2024 AGM, the Board had four female Directors (three being Independent Non-Executive Directors), representing approximately 36% of the Board and 60% of the Independent Non-Executive Directors. As a result of the appointment of the current Board at the 2024 AGM, and up to the date of this Separate Financial Statements, the Board has five female Directors (four being Independent Non-Executive Directors), representing approximately 45% of the Board and 80% of the Independent Non-Executive Directors. The Company is committed to maintaining a Board with an appropriate level of female members, which shall be no less than 40% of the Independent Non-Executive Directors and 30% of all members of the Board by year. The Nomination Committee has been delegated the overall responsibility for implementing and monitoring the implementation of the Board Diversity Policy. The Nomination Committee discusses any revisions that may be required to ensure the effectiveness of the Board Diversity Policy with access to independent external consultants and recommends any such revisions to the Board for its approval.

On March 15, 2019, the Board first adopted the nomination policy for the Directors (the "Director Nomination Policy"), which provides guidance on the proposal for the appointment or re-appointment of the directors or to fill casual vacancies and sets out the processes and criteria for the nomination of a candidate for directorship in the Company. The Company adopted the Director Nomination Policy to regulate the nomination process of Directors, so as to ensure that all nominations of the Board members are made in a fair and transparent manner, in order to maintain an appropriate balance of skills, experience and diversity within the Board, that are relevant to the Company's strategy, governance and business, and which can contribute to the effectiveness and efficiency of the Board's management. On January 25, 2024, the Board adopted a new version of the Director Nomination Policy, substantially in continuity with the previous version, updated to the current applicable Listing Rules, as well as compliant with the most recent best practices.

The Director Nomination Policy contains a number of factors for assessing the suitability of a proposed candidate, including the high ethical character and reputation for integrity, professional qualifications, skills, knowledge and experience, available time commitment, merit and potential contributions to the Board, as well as the independence criteria under the Listing Rules (where applicable), including the independence of long serving Independent Non-Executive Directors (where applicable).

The Nomination Committee considers the candidates proposed by shareholders for new directorship or for re-election and make recommendations for the Board's consideration. The Board will then decide whether the proposed candidate shall be eligible to be appointed or re-appointed, as the case may be, as a director of the Company and will in turn recommend to shareholders to vote in favor of the relevant resolutions to be proposed at the shareholders' general meeting of the Company.

D. Sustainability Committee

The Sustainability Committee assists and supports the Board with proposing and advisory functions in its assessments and decisions on sustainability, meaning the processes, initiatives and activities aimed at overseeing the Company's commitment to sustainable development along the value chain and strategy. Moreover, the Committee supports the preparation and review of non-financial reports, including the annual Sustainability Report, and communications concerning sustainability to be submitted to the Board for approval. The Directors' Report section under the Annual Report includes the governance of sustainability issues and how the Company approaches and manages the Group's material ESG topics.

The current members of the Sustainability Committee were appointed by the Board on April 24, 2024, and consist of two Independent Non-Executive Directors, Ms. Pamela Yvonne Culpepper (Chairwoman) and Ms. Anna Maria Rugarli, and one Executive Director, Mr. Lorenzo Bertelli. The former Sustainability Committee consisted of the same members as the current Sustainability Committee.

During the 2024 Year, the Sustainability Committee held five meetings on January 31, February 29, July 11, October 8, and December 12 (with an average attendance rate of 100%) to discuss and approve the Sustainability Report for the year ended December 31, 2023, to provide updates on the progress and achievements in the ESG strategy of the Group both for corporate, industrial, and HR sustainability, to discuss the establishment of the Diversity, Equity & Inclusion ("DE&I") executive committee of Prada USA Corp. and the new DE&I Group governance, to review and discuss the main initiatives and partnerships to support ESG-related projects, and to review and discuss the ESG information to be included in the presentation of financial results for both the year ended December 31, 2023, and the first half of the 2024 Year.

The Sustainability Committee also held one meeting on February 26, 2025, to discuss and approve the Sustainability Report for the 2024 Year, and to provide updates on the progress and achievements in the ESG strategy of the Group both for corporate, industrial, and HR sustainability.

Board of statutory auditors

Under Italian law, a joint-stock company is required to have a board of statutory auditors, appointed by the shareholders for a term of three financial years, with the authority to supervise the Company on its compliance with the applicable laws, regulations, its By-laws, the principles of proper management and, in particular, on the adequacy and functioning of the organisational, administrative and accounting structure adopted by the Company.

The current Board of Statutory Auditors was appointed at the 2024 AGM for a term of three financial years (2024-2026). The mandate of the current Board of Statutory Auditors will expire at the shareholders' general meeting to approve the financial statements of the Company for the year ending December 31, 2026.

The Board of Statutory Auditors of the Company consists of Mr. Roberto Spada (Chairman), Ms. Maria Luisa Mosconi, and Ms. Patrizia Arienti. The alternate statutory auditors are Ms. Stefania Bettoni and Mr. Cristiano Proserpio.

Directors' responsibility and auditors' responsibility for Separate Financial Statements

The Directors are responsible for preparing the Separate Financial Statements of the Company for the 2024 Year to ensure such Separate Financial Statements give a true and fair view of the state of affairs of the Company. In preparing these Separate Financial Statements, the Directors have selected suitable accounting policies and made prudent and reasonable judgments and estimates. The Separate Financial Statements have been prepared on a going concern basis and in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board as adopted by the European Union.

In addition, the Board is generally satisfied of the adequacy of resources, staff qualifications and experience, training program and budget of the Company's accounting and financial reporting function during the 2024 Year.

With respect to the External Auditor of the Company, its responsibilities are stated in the auditor's reports on the Separate Financial Statements.

Internal control and risk management

The Group's internal control system has mainly been designed to safeguard the assets of the Group, to maintain proper accounting standards, to ensure that appropriate authority has been given for the performance of acts by the Company, and to comply with the relevant laws and regulations. The Group has adopted a strict Anti-Corruption Policy and an Auditor Transactions Policy to support anti-corruption laws and regulations and monitoring the independence of External Auditor.

To better control its activities in achieving the established objectives, the Group has adopted procedures to identify, evaluate and manage the specific risks arising out of the continuous changes which affect the Group's operations and the regulatory framework to which it is subject.

The Board has adopted a Whistleblowing Policy which provides reporting channels and guidance for employees and other parties who deal with the Group (e.g., contractors and suppliers, etc.) to report possible improprieties in matters of financial reporting or other matters. The Whistleblowing Policy and the Anti-Corruption Policy are available on the Company's website.

The Board places great importance on maintaining a sound and effective internal control and risk management system to safeguard the shareholders' investment and the Company's assets.
The Board has acknowledged its responsibility for the internal control and risk management system – including financial, operational and compliance controls functions – and for the ongoing monitoring and review of its effectiveness. Such a system is designed to manage rather than eliminate risks and is aimed at providing reasonable and not absolute assurance against material misstatement or loss.

The management, with the support of the Internal Audit Department, has the responsibility, as delegated by the Board, to identify, evaluate and manage the risk factors that may affect the Group's operations and to resolve any material internal control defects that may arise.

In particular, during the 2024 Year the Internal Audit Department assessed the Company's activities and controls to mitigate the health and safety risk at work as well as the risk of data breach and cyber-attack.

The Internal Audit Department provides an independent review of the adequacy and effectiveness of the internal control and risk management system. The audit plan is discussed and agreed every year by the Audit and Risk Committee before being submitted to the Board for approval. In addition to its agreed annual schedule of work, the Internal Audit Department conducts other special reviews as required. The risk assessment documents are periodically updated by the Internal Audit Department with the support of the management, then reviewed by the Audit and Risk Committee and submitted to the Board for approval.

The Board has received specific confirmation from the relevant management personnel of the Company on the effectiveness of the Group's internal control and risk management system throughout the 2024 Year.
During the 2024 Year, no significant control failings or weaknesses were identified.

The Board, with the support from the Audit and Risk Committee, has been reviewing the internal control and risk management system of the Group on an ongoing basis (with the same frequency as regular Board meetings were held) and is generally satisfied that the internal control and the risk management system has functioned effectively and has been adequate for the Group as a whole, throughout the 2024 Year.

Moreover, the Board is generally satisfied of the adequacy of resources, staff qualifications and experience, the training program and the budget of the Company's internal audit and risk management function during the 2024 Year.

Supervisory Board ("Organismo di Vigilanza")

In compliance with Italian Legislative Decree no. 231 of June 8, 2001 (the "Decree"), the Company established a Supervisory Body (Organismo di Vigilanza) whose primary duty is to ensure the functioning, effectiveness and enforcement of the Company's Organization, Management and Control Model, adopted by the Company pursuant to the Decree. The Supervisory Body has three members appointed by the Board and selected among qualified and experienced individuals. The current members of the Supervisory Body, including its Chairwoman, were appointed by the Board on April 24, 2024, and consists of Ms. Stefania Chiaruttini (Chairwoman), Mr. Armando Simbari and Mr. Roberto Spada, Chairman of the Board of Statutory Auditors.

Inside Information

The Company handles and disseminates inside information in accordance with the requirements of the Securities and Futures Ordinance and the Listing Rules.

With regard to the procedures and internal controls for the handling and dissemination of inside information, the Company:

- has adopted an inside information disclosure policy to ensure potential inside information is identified and confidentiality is maintained until timely and proper disclosure is made (the "Inside Information Disclosure Policy"), which has been reviewed and updated by the Board on January 25, 2024;
- has made available on the Company's intranet the Inside Information Disclosure Policy in order to ensure immediate access to it by the entire Group's staff;
- has included in the procedures governing Directors and relevant employees a prohibition on dealing in the Company's shares whilst in possession of inside information; and
- has authorized only the Executive Directors and a few selected members of the management to act as spokespersons and respond to external enquiries.

In addition, the Board has established an Inside Information Committee, whose current members were appointed on April 24, 2024, and consist of the Chairman of the Board and Executive Director Mr. Patrizio Bertelli, the Executive Deputy Chairman of the Board and Executive Director Mr. Paolo Zannoni, and the Chief Financial Officer and Executive Director Mr. Andrea Bonini. The Inside Information Committee has been delegated with the power to assess, if necessary, any potential inside information, and to keep all other Directors timely informed about its decisions.

Company Secretary

During the 2024 Year, Ms. Tong Pui Ting, Wendy undertook over 15 hours of relevant professional training to update her skills and knowledge. Her biography is set out in the Directors and Senior Management section of the Annual Report.

Shareholders' Rights

A. Convening of shareholders' general meeting at shareholders' request

Pursuant to Article 14.2 of the Company's By-Laws, a shareholders' general meeting has to be called by the Board when requested by shareholders representing at least one-twentieth of the Company's share capital, provided that the request mentions the item(s) to be discussed at the meeting. If there is an unjustified delay in calling the meeting by the Board, action will be taken by the Board of Statutory Auditors.

B. Putting forward proposals at shareholders' general meeting

Pursuant to Article 14.5 of the Company's By-Laws, shareholders who, individually or jointly, own or control at least one-fortieth of the Company's share capital may request in writing for additions to be made to the list of items on the agenda, within ten days from the notice of call for a shareholders' general meeting, by setting out the proposed additions. The proposals should be directed to the Company by email at corporateaffairs@prada.com.

C. Making an enquiry to the Board
Enquiries about matters to be put forward to the Board should be directed to the Company by email at corporateaffairs@prada.com. The Company will not normally deal with verbal or anonymous enquiries.

D. Procedures for shareholders' to propose a person for election as Director
The procedures for a shareholder to nominate a person for election as a Director of the Company are set out in Articles 19.3 and 19.4 of the Company's By-laws, details of which have been disclosed on the Company's corporate website (www.pradagroup.com).

Constitutional Documents

The current By-laws of the Company (the "By-laws") was adopted by the shareholders' meeting on April 27, 2023, and are available for viewing on the websites of the Company and the Stock Exchange.

Communication with shareholders

A. Dividend Policy
On March 15, 2019, the Board formalized and adopted a Dividend Policy to set out the framework that the Company has put in place in relation to dividend payouts to shareholders. The Company aims to provide its shareholders a sustainable dividend stream, taking into account financial results, cash flow situation, working capital requirements, capital expenditures, investment requirements, future operations and earnings, business conditions and strategies, interests of shareholders and any statutory or regulatory restrictions (including under Italian law and the Company's By-laws) on payment of dividends.

The Board reviews the Dividend Policy from time to time and may adopt changes, as appropriate, to ensure the effectiveness of the Dividend Policy. The Board reviewed and updated the Dividend Policy on January 25, 2024.

At the 2024 AGM, the shareholders approved the distribution of a final dividend of Euro 0.137 per share for the financial year ended December 31, 2023, representing a total dividend of Euro 350,558,888, which was paid on May 17, 2024.

B. Investor relations and communications
The Company endeavors to maintain a high level of transparency when communicating with the shareholders and the financial community in general. The Company has maintained a regular dialogue with – and fair disclosure to – institutional shareholders, fund managers, research analysts and the finance media. Investor/analysts briefings and one-to-one meetings, investor conferences and results briefings are conducted on a regular basis in order to facilitate communication between the Company, shareholders, and the investment community. The Company strives to ensure effective and timely dissemination of information to shareholders and the investment community at all times and will regularly review the arrangements to ensure its effectiveness.

The Company's corporate website (www.pradagroup.com) facilitates effective communications with shareholders, investors, and other stakeholders, making corporate information and other relevant financial and non-financial information available electronically and on a timely basis. This includes extensive information about the Group's performance and activities via the annual report, interim report, social responsibility report, press releases, presentations, announcements, circulars to shareholders and notices of general meetings, etc. The Board has adopted a Shareholders Communication Policy, which is subject to annual review to ensure its effectiveness and implementation. On July 30, 2024, the Board adopted a new version of the Shareholders Communication Policy, substantially in continuity with the previous version, updated to the current applicable Listing Rules, including new Rule 2.07, as well as compliant with the most recent best practices. The Company is generally satisfied that the implementation of the Shareholders Communication Policy has functioned effectively throughout the 2024 Year.

C. Shareholders' meetings
The Company strives to maintain an on-going dialogue with its shareholders. Shareholders are encouraged to participate in general meetings either in person or through appointed proxies to attend and vote at meetings for and on their behalf if they are unable to attend such meetings. The process of the Company's general meeting is monitored

and reviewed on a regular basis.

The Company uses the shareholders' general meeting as one of the main channels for communicating with the shareholders and to ensure that shareholders' views are communicated to the Board. At the shareholders' general meeting, each substantially separate issue is proposed and considered by a separate resolution (including the election of individual directors).

The 2024 AGM was held online only. Directors, including the Executive Deputy Chairman, the Chief Executive Officer, the majority of Independent Non-Executive Directors, the Company Secretary, the External Auditor of the Company, Deloitte & Touche S.p.A., the majority of the members of the Board of Statutory Auditors, and the scrutineer, attended the 2024 AGM.

All resolutions submitted to the shareholders at the 2024 AGM were duly passed, and the voting results of such resolutions were disclosed in the announcement of the Company dated April 24, 2024. Computershare Hong Kong Investor Services Limited, the Company's Hong Kong share registrar, acted as scrutineer for the vote taking at the 2024 AGM.

D. Corporate communications

In order to increase the efficiency in communication with shareholders and to contribute to environmental protection, the Company has adopted electronic dissemination of corporate communications in compliance with the new Rule 2.07 of the Listing Rules and will only send corporate communications in printed form to shareholders upon request. The English and Chinese versions of all corporate communications are available electronically on the Company's website at www.pradagroup.com and on the HKEXnews website at www.hkexnews.hk.

CHAPTER 4

Financial Statements

Statement of financial position

(amounts in Euro)	Notes	December 31 2024	December 31 2023
Assets			
Current Assets			
Cash and cash equivalents	1	601,742,739	225,027,603
Trade receivables, net	2	760,671,055	724,076,692
Inventories, net	3	402,034,192	343,016,556
Derivative financial instruments - current	4	12,486,591	15,774,225
Financial and other receivables from, and advance payments to, parent company, subsidiaries, associates and related parties - current	5	168,718,161	208,892,658
Other current assets	6	154,488,882	187,490,642
Total current Assets		2,100,141,621	1,704,278,376
Non-current Assets			
Property, plant and equipment	7	842,589,454	820,241,122
Intangible assets	8	292,701,111	263,013,264
Right of use assets	9	356,683,140	349,283,147
Investments	10	1,567,468,607	1,318,219,706
Deferred tax assets	27	79,732,751	67,111,253
Other non-current assets	11	54,323,027	59,649,367
Derivative financial instruments - non current	4	2,570,984	889,542
Financial and other receivables from, and advance payments to, parent company, subsidiaries, associates and related parties - non current	5	52,580,212	164,194,969
Total non-current Assets		3,248,649,287	3,042,602,369
Total Assets		5,348,790,908	4,746,880,745
Liabilities and Shareholders' equity			
Current Liabilities			
Short-term financial payables and bank overdrafts	13	130,842,176	129,691,094
Financial and other payables due to parent company, subsidiaries, associates and to related parties - current	14	128,666,090	109,870,647
Trade payables	15	655,468,739	557,055,472
Tax payables	16	93,846,336	47,347,001
Derivative financial instruments - current	4	27,964,396	8,549,915
Other current liabilities	17	315,645,952	265,689,656
Short-term Lease Liability	12	61,732,540	56,944,880
Total current Liabilities		1,414,166,229	1,175,148,665
Non-current Liabilities			
Long-term financial payables	18	141,967,877	272,262,346
Long-term employee benefits	19	51,273,883	33,851,127
Provision for risk and charges	20	11,912,834	10,205,464
Deferred tax liabilities	27	2,945,062	4,029,566
Other non-current liabilities	21	89,738,968	98,712,865
Derivative financial liabilities - non current	4	1,996,047	347,147
Long-term Lease Liability	12	309,475,874	309,763,992
Total non-current Liabilities		609,310,545	729,172,507
Total Liabilities		2,023,476,774	1,904,321,172
Share capital		255,882,400	255,882,400
Total other reserves		2,219,724,757	2,019,936,689
Net income/(loss) of the year		849,706,977	566,740,484
Shareholders' equity	22	3,325,314,134	2,842,559,573
Total Liabilities and Shareholders' equity		5,348,790,908	4,746,880,745

Statement of profit or loss

(amounts in Euro)	Notes	December 31 2024	December 31 2023
Net Revenues	23	2,976,971,031	2,552,340,867
Cost of goods sold	24	(947,951,982)	(819,274,021)
Gross Margin		2,029,019,050	1,733,066,846
Operating expenses	25	(1,022,279,186)	(882,868,099)
Operating income - EBIT		1,006,739,864	850,198,747
Interest and other financial expenses, net	26	(21,593,843)	(60,300,059)
Interest income/(expenses) on lease liabilities	26	(7,227,761)	(5,853,231)
Dividends from investments	26	170,501,364	24,583,530
Total financial income/(expenses)		141,679,760	(41,569,760)
Income / (loss) before taxation		1,148,419,624	808,628,987
Taxation	27	(298,712,647)	(241,888,503)
Net income/(loss) of the year		849,706,977	566,740,484

Statement of comprehensive income

(amounts in thousands of Euro)	December 31 2024	December 31 2023
Net income for the year	849,707	566,740
A) Items that may be reclassified subsequently to P&L:	**(14,647)**	**(2,621)**
Change in Cash Flow Hedge reserve	(19,272)	(3,449)
Tax impact	4,625	828
Change in Cash flow hedge reserve less Tax Impact	(14,647)	(2,621)
B) Items that will not be reclassified subsequently to P&L:	**1,748**	**783**
Change in Fair Value reserve	(2,222)	1,633
Tax impact	-	-
Change in Fair Value investments in equity instruments reserve less tax impact	(2,222)	1,633
Change in Actuarial reserve	623	(1,119)
Tax impact	(149)	269
Change in actuarial reserve less Tax Impact	474	(850)
Comprehensive income for the year	833,312	564,902

Statement of cash flows

(amounts in thousands of Euro)	December 31 2024	December 31 2023
Income/(loss) before taxation	1,148,420	808,629
Profit or loss adjustments		
Depreciation of the right of use assets	60,109	56,647
Depreciation and amortisation of property, plant and equipment and intangible assets	94,475	79,988
Impairment of property, plant and equipment and intangible assets	504	1,856
Losses / (gains) on disposal of non-current assets	(643)	271
Impairment of investments	19,939	56,689
Interest expenses on lease liability	7,228	5,853
Non-monetary financial (income) / expenses	(171,337)	(37,478)
Other non-monetary expenses	83,759	37,617
Balance sheet changes	-	-
Trade receivables, net	(31,630)	213,088
Inventories, net	(69,507)	(58,398)
Trade payables	98,246	10,028
Other current assets and liabilities	(22,827)	(58,856)
Other non-current assets and liabilities	(10,361)	(23,656)
Cash flows from operating activities	1,206,375	1,092,278
Interest received / (paid) net, including interest paid of lease liability	1,145	14,925
Taxes paid	(220,407)	(442,958)
Net cash flows from operating activities	987,113	664,245
Purchase of property, plant and equipment and intangible assets	(133,140)	(113,447)
Investments in subsidiaries and associates	(123,140)	(455,251)
Financial (investments) / disinvestments	2,963	-
Dividends received from investments	170,501	24,584
Net cash flow utilised by investing activities	(82,816)	(544,114)
Dividends paid to shareholders	(350,559)	(281,471)
Change in short-term bank loans	(50,000)	50,000
Change in intercompany loans	38,148	19,516
Loans repaid by subsidiaries	12,730	31,959
Loans repaid to subsidiaries	(13,878)	-
Repayment of lease liability	(64,872)	(59,802)
Loans made to subsidiaries	(20,062)	(87,369)
Repayment of short-term portion of long-term borrowings - third parties	(79,089)	(90,200)
Net cash flows utilised by financing activities	(527,582)	(417,367)
Change in cash and cash equivalents, net of bank overdraft	376,715	(297,236)
Opening cash and cash equivalents, from merged companies	-	1,380
Opening cash and cash equivalents, net of bank overdraft	225,028	520,884
Closing cash and cash equivalents, net of bank overdraft	601,743	225,028

Statement of changes in equity

(Amounts in thousands of euro, except number of shares)

(amounts in thousands of Euro)	Number of shares	Share Capital	Share premium reserve	Legal reserve	Other reserves	Retained earnings	Cash flow hedge reserve	Fair value reserve	Net profit (loss) for the period	Total Shareholder's equity
Balance at December 31, 2022	2,558,824,000	255,882	410,047	51,176	182,899	1,094,216	7,927	(10,404)	571,683	2,563,426
Net result Allocation		-	-	-	-	571,683	-	-	(571,683)	-
Merger of subsidiaries		-	-	-	-	(4,297)	-	-	-	(4,297)
Other movements		-	-	-	-	-	-	-	-	-
Dividends paid		-	-	-	-	(281,471)	-	-	-	(281,471)
Comprehensive income for the year (recyclable to P&L)		-	-	-	-	-	(2,621)	-	566,740	564,119
Comprehensive income for the year (not recyclable to P&L)		-	-	-	-	(850)	-	1,633	-	783
Balance at December 31, 2023	2,558,824,000	255,882	410,047	51,176	182,899	1,379,281	5,306	(8,771)	566,740	2,842,560
Net result Allocation		-	-	-	-	566,740	-	-	(566,740)	-
Other movements		-	-	-	-	(10,993)	-	10,993	-	-
Dividends paid		-	-	-	-	(350,559)	-	-	-	(350,559)
Comprehensive income for the year (recyclable to P&L)		-	-	-	-	-	(14,647)	-	849,707	835,060
Comprehensive income for the year (not recyclable to P&L)		-	-	-	-	474	-	(2,222)	-	(1,748)
Balance at December 31, 2024	2,558,824,000	255,882	410,047	51,176	182,899	1,584,943	(9,341)	-	849,707	3,325,313

CHAPTER 5

Notes to the Financial Statements

Company information

Prada S.p.A. is a joint-stock company, registered and domiciled in Italy. Its registered office is in via A. Fogazzaro 28, Milan, Italy. As of December 31, 2024, approximately 79.98% of Prada S.p.A.'s share capital was owned by PRADA Holding spa, an Italian company, and the remainder was listed on the Main Board of the Hong Kong Stock Exchange. The ultimate indirect shareholders of PRADA Holding spa are Ms. Miuccia Prada Bianchi and Mr. Patrizio Bertelli.

The Company is not subject to the management and coordination of any other companies or entities, noted in accordance with the disclosure requirements of Italian Civil Code Article Art. 2497 et seq.

The Financial Statements were approved by the Board of Directors on March 4, 2025.

Basis of preparation

The Financial Statements comprising the "Statement of financial position", "Statement of profit or loss", "Statement of comprehensive income", "Statement of cash flows", "Statement of changes in equity" and "Notes to the financial statements" as at December 31, 2024, have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union.
IFRSs also refer to all International Accounting Standards ("IAS") and all interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously called the Standing Interpretations Committee ("SIC").
The Financial Statements have been prepared on a going concern basis.

New IFRS and amendments to IFRS

Amendments to existing standards issued by the International Accounting Standard Board ("IASB"), endorsed by the European Union and applicable to Prada S.p.A. from January 1, 2024.

Amendments to existing standards	Effective date for Prada S.p.A.	EU endorsement dates
Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022)	January 1, 2024	November 2023
Amendments to IAS 1 Presentation of Financial Statements: -Classification of Liabilities as Current or Non-current -Deferral of Effective Date -Non-current Liabilities with Covenants	January 1, 2024	December 2023
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (issued on 25 May 2023)	January 1, 2024	May 2024

The introduction of these amendments did not have any effect on these Separate Financial Statements.

Amendments to existing standards issued by the IASB, endorsed by the European Union, but not yet applicable to Prada S.p.A. because they are effective for annual periods beginning on or after January 1, 2025.

Amendments to existing standards	Effective date for Prada S.p.A.	EU endorsement dates
Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (issued on 15 August 2023)	January 1, 2025	November 2024

New standards and amendments issued by the IASB, but not yet endorsed by the European Union at December 31, 2024.

New IFRS Standards and Amendments to existing standards	Effective date for Prada S.p.A.	EU endorsement dates
Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7 (issued on 30 May 2024)	January 1, 2026	Not endorsed yet
Annual Improvements Volume 11 (issued on 18 July 2024)	January 1, 2026	Not endorsed yet
Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7 (issued on 18 December 2024)	January 1, 2026	Not endorsed yet
IFRS 18 Presentation and Disclosure in Financial Statements (issued on 9 April 2024)	January 1, 2027	Not endorsed yet
IFRS 19 Subsidiaries without Public Accountability: Disclosures (issued on 9 May 2024)	January 1, 2027	Not endorsed yet

At the date of the Financial Statements, the Directors had not yet completed the analysis necessary to assess the impacts of the new standards and interpretations not yet applicable to the Company, in terms of both those already endorsed and not yet endorsed by the European Union.

Financial statements

The Company has prepared the Statement of financial position classifying separately current and non-current assets and liabilities. The Notes contain more detailed information with further breakdowns of the items reported in the Statement of Financial Position.
The Statement of Profit or Loss is classified by function.
Cash flow information is reported in the Statement of cash flows that is prepared using the indirect method.
The material accounting policies and the notes are an integral part of the Financial Statements.

Material accounting policies

Cash and cash equivalents
Cash and cash equivalents are carried in the statement of financial position at nominal value. Cash equivalents include all highly liquid investments with a short-term maturity.

For the purposes of the statement of cash flows only, cash and cash equivalents comprise cash on hand, bank accounts, deposit accounts. In the statement of financial position, bank overdrafts and current portions of payables to banks for medium and long-term loans are included in Bank overdrafts and short-term loans.

Trade receivables and payables
Trade receivables are recognised at their nominal value net of the bad debt provision determined on the basis of the requirements set by IFRS 9. According to this standard, receivables are written off following the application of the "expected loss" impairment method together with, if necessary, further impairments recognised upon specific doubtful conditions on the single credit positions.

Trade payables are recorded at nominal amount.

Transactions denominated in foreign currencies are recorded at the exchange rate as at the date of the transaction. At the reporting date, transactions denominated in foreign currencies are translated using the exchange rate as at the reporting date. Gains and losses arising from the translation are reflected in the profit or loss.
The transfer of a financial asset to third parties implies its derecognition from the statement of financial position only if all risks and rewards connected with the financial asset are substantially transferred. Risks and rewards are considered transferred when exposure to variability in the present value of future net cash flows associated with the asset changes significantly as a result of the transfer.

Inventories
Raw materials, work in progress and finished products are recorded at the lower of acquisition cost or production cost and net realisable value. Cost comprises direct production costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Acquisition or production cost is determined on a weighted average basis.
Provisions, adjusting the value of the inventories, are made for slow moving, obsolete inventories or if, in the end, the estimated selling price or realisable value is reasonably expected to be lower than the cost.

Derivative financial instruments
Derivative financial instruments that hedge interest rate risk and exchange rate risk exposure are recognised based on hedge accounting rules.
Hedging contracts are designated as cash flow hedges. Hedge accounting treatment is allowed if derivative financial instruments are designated as a hedge of the exposure to changes in future cash flows of a recognised asset or liability or a highly probable transaction and which could affect profit or loss. In this case, the effective portion of the gain or loss on the hedging instrument is recognised in shareholders' equity. Accumulated gains or losses are reversed from shareholders'equity and recognised in the profit or loss for the period in which the profit or loss effect of the hedged operation is recognised.
Any gain or loss on a hedging instrument (or portion thereof) which is no longer effective as a cash flow hedge is immediately recognised in the profit or loss. If the hedged transaction is no longer expected to take place, any related cumulative gain or loss outstanding in equity will be recognised in the profit or loss.

Property, plant and equipment
Property, plant and equipment are recorded at purchase cost or production cost, including any charges directly attributable. They are shown net of accumulated depreciation calculated on the basis of the useful lives of the assets and any impairment losses.

Ordinary maintenance expenses are charged in full to profit or loss for the year they are incurred. Extraordinary maintenance expenses are capitalised if they increase the value or useful life of the related asset.
The costs included under leasehold improvements relate to refurbishment work carried out on premises, mainly commercial, not owned by the Company.

All costs incurred during the period between the start of refurbishment work and the opening of the store are capitalised as leasehold improvements, as they are deemed necessary to bring the related assets to their working condition in accordance with company guidelines. The relevant construction or refurbishment period ranges from six to eighteen months depending on the type of store/work.

Depreciation methods, useful lives and net book values are reviewed annually. The depreciation rates representing the useful lives are listed below:

Category of Property, Plant and Machinery	Depreciation rate or period
Land	not depreciated
Buildings and construction	2.5% - 10%
Production facilities and equipment	4% - 25%
Improvements to leased retail premises	Shorter of lease term (*) and useful life
Improvements to leased industrial and corporate premises	Shorter of lease term (*) and useful life
Furniture and fixture - retail	Shorter of lease term (*) and useful life
Furniture and fixture - corporate and industrial	7% - 20%
Other tangible fixed assets	4% - 50%
Assets under construction	0%

(*) the lease term includes the renewal period when the exercise of the option is deemed reasonably certain

When assets are sold or disposed of, their cost and accumulated depreciation are eliminated from the financial statements and any gains or losses are recognised in the profit or loss.

If the term of a rental agreement is terminated in advance with respect to the original lease term, the residual useful life of property, plant and equipment allocated on it is adjusted consistently.

The value of land is stated separately from the value of buildings. Depreciation is only charged on the value of buildings.

Every year-end, a valuation aimed at monitoring indications of impairment over the value of property, plant and equipment is performed. If any such indications are found, an impairment test is used to estimate the recoverable amount of the asset. The impairment loss is determined by comparing the carrying value of the asset with its recoverable value, which means the higher of the fair value of the asset less costs to sell and its value in use.

Fair value is determined based on the best information available to reflect the amount that could be obtained from the disposal of the asset at the reporting date.

Value in use is an estimate of the present value of future cash flows expected to derive from the asset tested for impairment. Impairment losses are recorded immediately in the profit or loss.

Intangible assets

Only identifiable assets, controlled by the Company and capable of producing future economic benefits are included in intangible assets.

Intangible assets include licenses, store lease acquisition costs, software, development costs and goodwill.

Store lease acquisition costs (or key money) represent expenditures incurred to enter into or take over retail store lease agreements. When the lease contracts fall under the application of IFRS 16 Leases, the store lease acquisition is included within the initial direct costs that contribute to the formation of the right of use assets. Otherwise, the store lease acquisition is an intangible assets.

Software refers to Information Technology development projects and includes all internal and external costs incurred to bring the asset into use. IT projects include costs incurred to acquire licenses as well as the cost of development and installation. Software is capitalised on condition that it is identifiable, reliably measurable and if it is probable that the asset will generate future economic benefits.

Intangible assets with a definite useful life are amortised on a straight-line basis at the following rates:

Category of intangible assets	Amortisation rate or period
Store lease acquisition costs	Shorter of lease term (*) and useful life
Software	10% - 33%
Development costs and other intangible assets	10% - 33%
Assets in progress	0%

(*) the lease term includes the renewal period when the exercise of the option is deemed reasonably certain

All business combinations included within the scope of IFRS 3 are recorded using the acquisition method whereby identifiable assets, liabilities and potential liabilities of the acquired business, which satisfy recognition requirements, are measured at their acquisition-date fair value.
The difference between the cost of the business combination and the interest acquired in the net fair value of identifiable assets, liabilities and potential liabilities is recorded as goodwill.

Transactions representing a business combination under common control do not fall within the scope of IFRS 3 ("Business Combinations") and are accounted for by applying the carryover method.

Goodwill, as an asset that produces future economic benefits, but which is not individually identified and separately measured, is initially recognised at cost.

Goodwill is not amortised but tested for impairment every year to check if its value has been impaired. If specific events or altered circumstances indicate the possibility that goodwill has been impaired, the impairment test is performed more frequently.

An impairment loss recorded for goodwill is never reversed in subsequent years.

Right of use assets and lease liability
Right of use of leased assets and Lease Liabilities are regulated by IFRS 16 Leases which apply to all lease contracts that provide for the payment of fixed rents, including those indexed and those that set a guaranteed minimum.
The Company recognise the right of use assets and the lease liability at the commencement date of the lease and based on the lease term.

The identification of a lease term is very important, especially in the field of real estate, because the form, legislation and common business practice can vary considerably from one jurisdiction to another. The Company determines the lease term as the non-cancellable period of a lease, together with the periods covered by an option to extend or to terminate the lease under the control of the Company. The management evaluates the exercise of the option if it's considered "reasonably certain" based on several factors and circumstances that create an incentive for the lessee to exercise, or not to exercise the option, including any expected changes in facts and circumstances from the commencement date until the exercise date of the option.

The lease term begins on the 'commencement date' of the lease. This is defined as the date on which the lessor makes an underlying asset available for use by a lessee. It is the date on which the lessee initially recognises and measures right of use assets and lease liabilities.
The commencement date is not necessarily the date on which start the depreciation of the right of use. For retail premises, the asset leased is ready for use when works on premises are completed and, therefore the depreciation of right of use shall begin after the completion of works necessary to bring a store to its working condition according to the management instructions.

The right of use assets is measured at cost, identified as the initial measurement of the lease liability, increased by any initial direct costs incurred by the lessee (key money, legal fees, agent fees or other fees paid to enter in the agreement) or by any dismantling cost necessary to bring back the premises to its original condition. The right of use Assets is depreciated over the Lease term.

The lease liability is measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using an incremental borrowing rate. The profit or loss caption "interest expenses IFRS 16" represents the adjustment of the present value of the lease liability. Since most leases stipulated by the Company do not have an interest rate implicit in the lease, the discount rate applicable to future lease payments was determined as the Italian risk-free rate, with payment dates based on the terms of the specific lease, increased by the Company's credit spread.

A lease modification occurs when there is a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease (for example, adding or terminating the right to use one or more underlying assets, or extending or shortening the contractual lease term). The effective date of the modification is defined as "the date when both parties agree to a lease modification". When this occurs, the right of use and the lease liability are updated accordingly. If a lease is terminated before the original lease term date defined at the commencement date, both right of use assets and the lease liability are remeasured, impacting also the profit or loss statement.
In addition, the options for the extension and early termination of the lease agreements are re-evaluated and re-considered when a significant event or a change occurs in the circumstances that are under the control of the Group and this will influence the assessment of the reasonable certainty of the exercise options.
Low value contracts (the price of the asset, when new and recognised on a single component basis approach, is less than Euro 5,000) and leases whose lease term is shorter than 12 months are not in the scope of "IFRS 16 Leases", so they are recognised through profit or loss on a straight-line basis over the lease term. Purely variable rent, typically linked to sales without a guaranteed minimum, are excluded too from the scope of application of such standard.

A lessee is expected to make judgement about whether other changes are substantive based on its understanding of those changes and based on how they were historically managed by the Company. As a result, in the Company's view, a modification of the contract such as a renewal or the extension of the lease term is to be considered substantive only when it is not consistent with the usual practices applied by the Company and in the industry as a whole.
The right of use assets are subsequently measured at cost less accumulated depreciation and impairment losses as described in the paragraph "Impairment test" in the current section.

Impairment of assets
IAS 36 requires an impairment test to be performed on property, plant and equipment, intangible assets and investments whenever there is an indication of impairment.
Goodwill and other intangible assets with an indefinite useful life and intangible assets not yet available for use are tested for impairment at least once a year, allocated to each of the acquirer's cash generating units ("CGU") or group of CGUs that are expected to benefit from the synergies of the combination. CGUs and group of CGUs are determined based on the organisational structure of the Group and represent groups of assets that generate independent cash inflows from continuing use of the relevant assets.
When the carrying amount of these assets exceeds their recoverable amount, it is reduced accordingly and the impairment loss is recognised in the profit or loss.
The recoverable amount of the asset is the higher of its fair value less costs of disposal (where there is an active market) and its value in use, as calculated based on an estimate of the future cash flows expected to derive from the cash generating unit tested for impairment. Estimated cash flow is based on budget, forecast and on long-term projections approved by the management. A long-term growth rate is calculated and applied to project future cash flows. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate post-tax that reflects current market assessments of the time value of money and the risks specific to the asset.
An impairment loss is recognised in the profit or loss for the period whenever the recoverable amount of the cash generating unit or group of cash generating units is lower than its book value. An impairment loss recognised for goodwill is never reversed in subsequent years.

Property, plant and equipment, right of use assets and intangible assets (other than goodwill) are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint ventures are accounted for under the cost method and tested for impairment whenever there is an indication of impairment.

The valuation method used is the Discounted Cash Flow model, adopting the same process described in the accounting policy "Impairment of assets". If an impairment loss has to be recognised, it is charged to the profit or loss in the period in which it is identified. If the reason for the impairment loss no longer applies, the carrying amount of the investment is restored but not to more than its original cost. Such reversals are recorded in the profit or loss.

Investments in equity instruments

The initial recognition of Investments in equity instruments is at purchase cost, increased by any directly attributable transaction costs. The Company measures these instruments at fair value and the related changes are recorded in a specific equity reserve. This change (FVTOCI) is also included in the statement of comprehensive income as "items not recyclable to profit or loss", therefore only dividends received will be recorded in the statement of profit or loss of the Company. IFRS 9 also provides for an alternative treatment that allows the recognition of fair value changes directly to profit or loss (FVTPL). The choice of this accounting treatment (FVTPL or FVTOCI) has to be done for each investment and has to be considered irrevocable once adopted. Any exceptions to the initial recognition will be reported in the Notes to the Separate financial statements.

In the case of securities listed on active markets, the fair value is the price recorded at the end of the trading day of the period under review. For investments for which there is not an active market, the fair value is determined based on the price of recent transactions between independent parts of substantially similar instruments, or by using other valuation techniques such as, for example, income assessments or based on flow analysis discounted financial figures.

Deferred tax assets

Deferred tax assets are amounts of income taxes recoverable in future periods in relation to deductible temporary differences and carryforward of unused tax losses.

Deductible temporary differences are differences between the carrying amount of an asset or liability in the statement of financial position and its tax value which, in determining taxable income for future years, will result in deductible amounts when the carrying amount of the asset or liability is realised or settled.

Deferred tax assets are recognised for all deductible timing differences, tax losses carry-forwards and unused tax credits only to the extent that is probable that taxable profit will be available in future years against which the deductible timing differences can be used. Recoverability is reviewed at every year end. Deferred tax assets are measured at the tax rates which are expected to apply to the period when the asset is realised based on tax rates (and tax laws) in force at the reporting date.

Deferred tax assets are not discounted.

Deferred tax assets are recognised through the profit or loss unless the tax amount is generated from a transaction or an event directly recognised in equity or from a business combination.

Non-current financial liabilities

Non-current financial liabilities include payables to banks for medium and long-term loans.

Non-current financial liabilities are initially recognised at fair value on the transaction date less transaction costs which are directly attributable to the acquisition. After initial recognition, non-current financial liabilities are valued at amortised cost i.e., at the initial amount less principal repayments already made plus or minus the amortisation (using the effective interest method) of any difference between that initial amount and the maturity amount.

Employee benefits

Post-employment benefits mainly consist of Italian Staff Leaving Indemnities (hereinafter TFR) which are classified as defined-benefit plans.

Defined benefit plans are recognised, using actuarial techniques to estimate the amount of the obligations resulting from employee service in the current and past periods and discounting it to determine the present value of the Company's obligations.

The actuarial valuation is carried out by an independent actuary using the Projected Unit Credit Method.
Actuarial gains and losses are recognised directly in equity, net of the tax effect.
Other long-term employee benefits are recognised among non-current liabilities and their value corresponds to the present value of the defined benefit obligation at the reporting date, adjusted according to the period of the underlying agreement. The recognition of these benefits is usually subject to the attainment of specific earnings by the Group, and their payment, deferred over time to keep the beneficiaries in the organisation, is remeasured using indices relating to the Group's profitability or market value.
Like defined benefit plans, other long-term benefits are also valued using the Projected Unit Credit Method. Unlike defined benefits plans, the actuarial gains and losses of other long-term benefits are recognised through profit or loss rather than through net equity.
Long-term employee benefits in the form of share-based payments ("phantom shares") are cash-settled and fall within the scope of IFRS 2. These benefits are measured at fair value, the estimation of which follows a risk neutral approach. In the model, the risk-free rate curve is deducted from the Euro Area rates at the valuation date; in addition, the expected dividend rate of the underlying was taken into account. Until the liability is settled, the fair value is restated at the date of each year and at the settlement date. Changes in fair value are charged to the income statement.

Provisions for risks and charges
Prada S.p.A. is mainly involved in civil and tax disputes and the related provisions for risks and charges are booked in the financial statements both on the basis of historical experience and on the basis of assumptions concerning future events that are difficult to predict as also depending on factors that are not under the full control of the Company. Therefore, it is possible that after the reporting period, departures between the estimates made and the actual results materialise so that it might be necessary to make adjustments to the values of the liabilities recognised.
Application of exemptions to some or all of the disclosures required by IAS 37 are applied when these could prejudice seriously the position the Company in a dispute with other parties on the subject matter of the provision, contingent liability or contingent asset.

Deferred tax liabilities
Deferred tax liabilities are amounts of income taxes due in future periods in respect of taxable temporary differences.

Taxable temporary differences are differences between the carrying amount of an asset or liability in the statement of financial position and its tax base which, in determining the taxable income for future years, will result in taxable amounts when the carrying amount of the asset or liability is recovered or settled.

Deferred tax liabilities are recognised for all taxable timing differences except when liability is generated by the initial recognition of goodwill, or the initial recognition of an asset or liability in a transaction other than a business combination that does not affect the accounting result or the tax result at the transaction date.

Deferred tax liabilities are measured at the tax rates which are expected to apply to the period when the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liabilities are not discounted.

Deferred tax liabilities are recognised in the profit or loss unless the tax amount is generated by a transaction or an event directly recognised in equity or by a business combination.
Taxation for deferred tax liabilities relating to items credited or debited directly to shareholders' equity is also credited or debited directly to shareholders' equity.
The deferred tax liabilities is only offset against deferred tax assets, when the two items refer to the same tax and the same period.

Revenue recognition

Revenues from the sale of goods are recognised in the profit or loss when all of the following criteria have been satisfied:

- identify the contract (in writing, orally or in accordance with other customary business practices) with a customer;
- identify the performance obligations in the contract;
- determine the transaction price for each performance obligations;
- the amount of revenue (transaction selling price) can be measured reliably;
- the significant risks and rewards of ownership are transferred to the buyer;
- all control over the goods sold has ceased;
- the economic benefits generated by the transaction will probably be enjoyed by the Company;
- the costs pertaining to the transaction can be reliably measured; and
- each performance obligations has been satisfied.

In addition, Prada S.p.A. recognizes a provision for returns, as it has a contractual obligation to reimburse customers in case of a return. Consequently, revenue cannot be definitively recognized until the return period expires. The Company also recognizes a separate asset for the right to recover goods expected to be returned, in compliance with IFRS 15 requirements.

The estimate of expected returns is based on historical experience and other relevant information and is periodically reviewed to reflect changes in sales conditions or customer behavior.

Royalties are accounted for based on sales made by the licensees and the terms of the contracts. Royalties under franchise agreements are recorded based on the sales made by the Company to the franchisees.
Dividends are booked in the profit or loss when the shareholders' become entitled to receive payment and are classified in the caption "Dividend from investments".

Accounting for costs

Costs are recorded on an accrual basis. In particular, a cost is immediately recognised in the profit or loss when:

- an expense does not generate any future economic benefit;
- the future economic benefits do not qualify or cease to qualify as assets for recognition in the statement of financial position;
- a liability is incurred and no asset has been recorded.

Pre-opening rents

Costs incurred during the pre-opening period of new or refurbished retail stores are charged to the profit or loss when incurred, except for the suspension of the depreciation of the right of use assets.

Interest expenses

Interest expenses might include interest on bank overdrafts, on short and long term loans, financial charges related to the adjustments of the present value of the Lease Liability, amortisation of initial costs of loan operations, changes in the fair value of derivatives - insofar as chargeable to the profit or loss - and annual interest maturing on the present value of post-employment bene.

Income taxes

The provision for income taxes is determined based on a realistic estimate of the tax charge of each entity included in the tax consolidation, in accordance with the tax rates and tax laws in force or substantially approved at the reporting date.

Current taxes are recorded in the profit or loss as an expense. This is except for taxes deriving from transactions or events directly recognised through shareholders' equity which are directly charged to equity.

The implementation of the Global Minimum Tax, provided for in Directive No. 2022/2523 of December 15, 2022 (implementing the OECD/G20 Pillar II proposal), is effective in Italy from January 1, 2024 as per Italian Legislative Decree No. 209 of December 27, 2023.
Given the complexity of the system outlined in the above legislation to ensure this minimum level of taxation, for the first

three tax periods (for Prada - financial years 2024 to 2026) the possibility of applying a simplified regime has been provided for (so-called "transitional safe harbours"). This simplified regime is primarily based on accounting information already available for each jurisdiction and the application of three tests (De Minimis test, Simplified Effective Tax Rate test and Routine Profits test); passing at least one of these tests allows the disapplication of any additional taxes required to reach the prescribed minimum tax level and the reduction of compliance burdens.
The top-up tax recorded in the caption "Taxation" as of December 31, 2024 is related to the Pillar II jurisdictions, in which the Company's subsidiaries operate, that do not pass any of the transitional safe harbour tests. The amount accrued as of December 31, 2024 is the best estimate effect based on the information known or reasonably estimable to date.
The Company, with the support of external consultants, has performed analyses and calculation of the impacts of the new legislation and is set up the compliance requirements related to the application of Pillar II, implemented by adequate company systems and procedures.

The Company's exposure arising from the application of Pillar II depends on the fact that:

(i) most of the subsidiaries, assumed at aggregate level in the jurisdictions in which they are located, pass at least one of the three tests referred to above;
(ii) with respect to subsidiaries that, on the other hand, do not satisfy, at the aggregate level in the jurisdictions in which they are located, any of the three tests mentioned above, it is considered that their profits, and therefore the potential tax exposure arising from the Pillar II framework, do not have a relevant impact on the profits and tax liability of the Company as a whole.

The Company has applied the temporary exception, introduced in May 2023 by IASB with the "Amendments to IAS 12 Income taxes: International Tax Reform – Pillar II Model Rules", regarding the accounting requirements for deferred taxes under IAS 12; therefore, the Group neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar II income taxes.

Changes of accounting policy, errors and changes in accounting estimates

The accounting policies adopted are only modified from one year to another if the change is required by an accounting standard or if it provides more reliable and more relevant information on the effects of operations on the Company's Statement of financial position, Profit or loss or Cash flows.

Changes of accounting policy are applied retrospectively, adjusting the opening balance of each affected component of equity for the earliest prior period presented. Other comparative amounts, disclosed for each prior period presented, are also adjusted as if the new accounting policy had always been applied. A prospective approach is applied only when it is not possible to restate the comparative information.

The adoption of a new or amended accounting standard is implemented in accordance with the requirements of the standard itself. If the new standard does not include specific transition provisions, the change of accounting policy is applied retrospectively or, if this is not feasible, prospectively.
In the case of material errors, the same approach adopted for changes in accounting standards described in the previous paragraph shall be followed. Non material errors are recognised in the profit or loss in the period in which the error is identified.
The effect of changes in accounting estimates is prospectively recorded in the profit or loss for the year the change takes place if it is the only year affected. It is also reflected in later years if they too are affected by the change.

Financial risk management

The Company's international activities expose it to a variety of financial risks including the risk of exchange rate and interest rate fluctuation. The Company's overall risk management policy takes account of the volatility of financial markets and seeks to minimise uncertainty regarding cash flow and the resulting potential adverse effects on its results.
The Company enters into hedging contracts to manage risks arising from exposure to the exchange rate and interest rate risks.
Financial instruments are accounted for based on hedge accounting rules. At the inception of the hedge contract, the Company formally documents the hedging relationship assuming that the hedging is effective during the different accounting periods it is designated for.

Exchange rate risk

The Company’s export sales activities expose it to an exchange rate risk due to fluctuations in the exchange rate of the Euro primarily against the US Dollar, Hong Kong Dollar, Chinese Renminbi, Japanese Yen and, to a lesser extent, other currencies. The Corporate Finance Department is responsible for foreign exchange risk hedging by entering into derivative contracts (forward sale and purchase, options) with third parties.

In accordance with IFRS 9, these hedging contracts are classified as cash flow hedges. The fair value of the hedging contracts designated as cash flow hedges is recorded under shareholders’ equity net of the tax effect.

Interest rate risk

The debt taken on by the Company exposes it to an interest rate risk. The Corporate Finance Department hedges this risk by arranging Interest Rate Swap and Collar agreements.

The fair value of derivative contracts designated as cash flow hedges is recorded under shareholders’ equity net of the tax effect.

Meanwhile, for non-hedging derivatives qualified as fair value through profit or loss, fair value is recorded in full in the profit or loss.

Use of estimates

In accordance with IFRS, preparation of the financial statements requires the use of estimates and assumptions when determining certain types of assets, liabilities, revenues and costs and when assessing contingent assets and liabilities.

These assumptions refer, first of all, to operations and events not settled at the end of the period. Therefore, upon payment, the actual outcome may differ from the estimated amounts. Estimates and assumptions are reviewed periodically and the effects of each change are immediately recognised in the profit or loss. Estimates are used mainly for impairment tests, when determining provisions for risks and charges, the provision for bad debts, the inventory obsolescence provision, the provision for returns, the post-employment benefits or other long term benefits to employees, the tax computation, the measurement of derivatives, the lease term of contracts with renewal or early termination options (in accordance with IFRS 16) and the useful life of property, plant and equipment and intangible assets.

Impact of climate change-related matters on financial statements

The Group has defined a climate strategy with the objective of reducing greenhouse gases (GHG) emissions, positively contributing to the global goal of fighting climate change. The strategy, which is integrated into Group’s business model and operations, includes medium-term carbon reduction targets related to direct GHG emissions (scope 1), indirect GHG energy emissions (scope 2), and other indirect GHG emissions from sources not owned or controlled by the Company itself (scope 3).

The main actions ongoing to reach the targets for scope 1, 2 and 3 are the following:

- electrification of industrial sites heating/cooling systems;
- switch to a green company car fleet;
- increase in self-produced energy from owned photovoltaic systems;
- investment in renewable energy procurement, including Collective Virtual Power Purchase Agreements (CVPPA) for which effects for the Group will be granted in the next few years;
- increase of LEED Gold or Platinum certifications.

The above actions have had and will have an impact on the Company's Financial Statements in terms of new investments and recurring operations (e.g. purchase of certified renewable energy, purchase of lower impact raw materials).

Management has also assessed the impact of climate change and the measures taken to comply with the climate strategy on the criteria for the preparation of the Consolidated Financial Statements, with particular reference to the estimates and assumptions as defined in the section “Use of Estimates”.

In addition, to align the performance of the Group’s key personnel with the interests of the stakeholders and to reinforce the Group’s commitment to ESG issues, the Group has established a long-term variable incentive plan that includes financial indicators and the achievement of specified sustainability objectives. Fulfillment of these criteria was taken into account in the evaluation of the long-term incentive plans.

At this stage, management has assessed that the impact on the Group's financial statements is not material as it has not identified any specific asset or liability whose measurement could be significantly affected by climate change issues.

Impact of the outbreak of war in Ukraine on financial statements
The effects of the ongoing conflict have been considered in the preparation of the financial statements as of December 31, 2024. The only notable impact is related to the impairment of investment in Prada Rus Llc amounting to euro 4.1 million and Prada Ukraine Llc amounting to Euro 0.5 million.
The management will continue to closely monitor the evolution of the business and legal scenario to ensure the correct valuation of the assets recognised in the separate financial statements of the Company and to abide by the law and regulations being imposed.

Mergers and acquisitions

Most significant mergers and acquisitions include the following:
- On January 9, 2024, Prada S.p.A. purchased 19% of the share capital of Prada Middle East Fzco. As a result, Prada S.p.A.'s stake in Prada Middle East Fzco increased from 60% to 79%.
- On July 10, 2024, Prada S.p.A. established the company Prada Bahrain Wll with the aim of expanding commercial activities in Bahrein.
- On December 20, 2024, Prada S.p.A. purchased 40% of the share capital of Effepì S.r.l..

Statement of Financial Position

1. Cash and cash equivalents

The composition of cash and cash equivalents as of December 31, 2024 and December 31, 2023 is presented hereunder:

(amounts in thousands of Euro)	December 31 2024	December 31 2023
Cash on hand	3,883	6,257
Bank deposit accounts	573,368	171,805
Bank current accounts	24,492	46,965
Total cash and cash equivalents	601,743	225,028

The Statement of Cash Flows and Financial Review provide additional information on the cash flows of the period.

2. Trade receivables, net

Trade receivables are detailed below:

(amounts in thousands of Euro)	December 31 2024	December 31 2023
Trade receivables due from third parties	172,485	172,642
Trade receivables due from Parent companies	96	35
Trade receivables due from subsidiaries	587,258	550,625
Trade receivables due from associates	812	775
Trade receivables due from related companies	21	-
Total trade receivables	760,671	724,077

The breakdown by counterparty (except for receivables due from third parties) is provided in Note 28, "Transactions with parent companies, subsidiaries, associates and related parties".

The allowance for doubtful debts was estimated on an analytical basis, using all information available when the financial statements were prepared to align the receivables to their estimated realisable value. In addition, an allowance for expected credit losses, calculated based on specific credit rating assigned to each customer, was set up to represent the creditworthiness of clients.

(amounts in thousands of Euro)	December 31 2024	December 31 2023
Trade receivables, third parties, net	178,523	177,733
Allowance for bad and doubtful debts	(6,038)	(5,091)
Trade receivables, third parties, net	172,485	172,642

(amounts in thousands of Euro)	December 31 2024	December 31 2023
Trade receivables from subsidiaries, associates, related and parent companies, gross	598,658	562,531
Allowance for bad and doubtful debts	(10,471)	(11,097)
Trade receivables from subsidiaries, associates, related and parent companies, net	588,187	551,435
Total	760,671	724,077

The annual changes in the allowance for bad and doubtful debts were as follows:

(amounts in thousands of Euro)	December 31 2024	December 31 203
Opening Balance	16,188	9,385
Increase / (decrease) due to merger	-	84
Increases	1,383	7,005
Utilized	(392)	(189)
Reversals	(669)	(98)
Other Movements	(1)	1
Closing Balance	16,509	16,188

An aging analysis of the total trade receivables at the reporting date, before deducting the allowance for doubtful debts, is reported below:

(amounts in thousands of Euro)	December 31, 2024	Current	Overdue (in days)				
			1 ≤ 30	31 ≤ 60	61 ≤ 90	91 ≤ 120	> 120
Trade receivables - third parties	178,523	158,080	13,293	1,556	377	335	4,881
Trade receivables - subsidiaries	597,729	483,800	22,012	4,038	1,381	2,456	84,043
Trade receivables - associates	812	809	2	-	-	-	1
Trade receivables- parent companies	96	24	-	-	22	-	50
Trade receivables - related parties	21	16	-	-	2	-	3
Total at December 31, 2024	777,181	642,729	35,307	5,594	1,782	2,791	88,978

(amounts in thousands of Euro)	December 31, 2023	Current	Overdue (in days)				
			1 ≤ 30	31 ≤ 60	61 ≤ 90	91 ≤ 120	> 120
Trade receivables - third parties	177,733	148,183	21,442	1,184	605	93	6,226
Trade receivables - subsidiaries	561,722	356,216	76,185	27,552	21,612	2,311	77,846
Trade receivables - associates	775	775	-	-	-	-	-
Trade receivables - parent companies	35	12	-	-	-	-	23
Trade receivables - related parties	-	-	-	-	-	-	-
Total at December 31, 2023	740,264	505,186	97,627	28,735	22,217	2,404	84,095

3. Inventories, net

Inventories can be broken down as follows:

(amounts in thousands of Euro)	December 31 2024	December 31 2023
Raw materials	125,153	109,050
Work in progress	34,947	28,340
Finished products	282,979	250,436
Returns asset	76,145	60,058
Allowance for obsolete and slow-moving inventories	(117,190)	(104,868)
Inventories, net	402,034	343,017

The stock increase was largely attributable to the need to support sales growth. In 2024, the inventory allowance was increased, net of the utilisations and reversal, by Euro 12.3 million with allocations for slow-moving products and raw materials.

The changes in the allowance for obsolete and slow-moving inventories are as follows:

(amounts in thousands of Euro)	Raw materials	Finished products	Total
Balance at December 31, 2023	41,457	63,411	104,868
Increases	4,006	16,961	20,967
Utilized	-	(8,645)	(8,645)
Balance at December 31, 2024	45,463	71,727	117,190

4. Derivative financial instruments: assets and liabilities

The current and non-current portions of the assets are presented below by derivative instrument:

(amounts in thousands of Euro)	December 31 2024	December 31 2023
Financial assets regarding derivative instruments, current	12,487	15,774
Financial assets regarding derivative instruments, non-current	2,571	890
Total Financial Assets - Derivative financial instruments	15,058	16,664

The current and non-current portions of the liabilities for derivatives are presented below:

(amounts in thousands of Euro)	December 31 2024	December 31 2023
Financial liabilities regarding derivative instruments, current	(27,964)	(8,550)
Financial liabilities regarding derivative instruments, non-current	(1,996)	(347)
Total Financial Liabilities - Derivative financial instruments	(29,960)	(8,897)
Net carrying amount - current and non-current portion	(14,902)	7,767

The net balance of derivative assets and liabilities (current and non-current portions combined) is detailed hereunder:

(amounts in thousands of Euro)	December 31 2024	December 31 2023	IFRS7 Category
Forward contracts	9,844	9,411	Level II
Options	2,658	2,423	Level II
Interest rate swap – cash flow hedge	708	3,396	Level II
Interest rate swap – fair value through profit and loss	1,848	1,434	Level II
Positive Fair Value	15,058	16,664	
Forward contracts	(24,472)	(7,475)	Level II
Options	(3,704)	(69)	Level II
Interest rate swap – cash flow hedge	-	-	Level II
Interest rate swap – fair value through profit and loss	(1,784)	(1,354)	Level II
Negative Fair Value	(29,960)	(8,897)	
Net carrying amount	(14,902)	7,767	

All of the above derivative instruments are classified as Level II in the fair value hierarchy. The Company has not entered into any derivative contracts classifiable as Level I or Level III.

The fair values of derivatives used to hedge interest rate risks (interest rate swaps, "IRS") and of derivatives used to hedge exchange rate risks (forward contracts and options) have been determined according to one of the most widely used valuation platforms on the financial market and are based on the interest rate curves and on the spot and forward exchange rates at the reporting date.

The Company entered into the derivative contracts in the course of its risk management activities, in order to hedge financial risks stemming from exchange rate and interest rate fluctuations.

Foreign exchange rate transactions

The cash flows resulting from the Company's international activities, especially sales-related activities, are exposed to exchange rate volatility. In order to hedge this risk the Company enters into options and forward sale and purchase agreements, so as to protect the value of identified cash flows in Euro.

The estimated future cash flows are identified mainly as the inflows from trade receivables, outflows for trade payables and financial cash flows. In terms of the hedged amounts, the most important currencies are: U.S. Dollar, Chinese Renminbi, Japanese Yen, Hong Kong Dollar, GB Pound, Swiss Franc and Korean Won.

The notional amounts at the reporting date of the derivative contracts designated as foreign exchange risk hedges (translated at the European Central Bank exchange rate of December 31, 2024) are listed below.

Contracts in effect as of December 31, 2024 to hedge projected future trade cash flows:

(amounts in thousands of Euro)	Options	Forward sale contracts	December 31 2024
Currency			
US Dollar	86,630	294,542	381,172
Chinese Renminbi	69,627	235,518	305,145
Korean Won	91,375	74,732	166,107
Japanese Yen	104,869	117,748	222,617
GB Pound	43,416	70,552	113,968
Canadian Dollar	-	28,766	28,766
Taiwan Dollar	-	24,938	24,938
Swiss Franc	-	22,418	22,418
Hong Kong Dollar	7,436	48,893	56,329
Malaysian Ringgit	-	13,465	13,465
Other currencies	-	131,864	131,864
Total	403,353	1,063,436	995,537

Contracts in effect as at December 31, 2024 to hedge projected future financial cash flows:

(amounts in thousands of Euro)	Forward sale contracts	Forward purchase contracts	December 31 2024
Currency			
Swiss Franc	23,952	-	23,952
Korean Won	19,580	-	19,580
Taiwan Dollar	8,802	-	8,802
Malaysian Ringgit	2,153	(861)	1,292
US Dollar	40,382	-	40,382
Other currencies	8,409	-	8,409
Total	103,278	(861)	102,417

Contracts in effect as of December 31, 2023 to hedge projected future trade cash flows:

(amounts in thousands of Euro)	Options	Forward sale contracts	December 31 2023
Currency			
US Dollar	55,204	238,914	294,118
Chinese Renminbi	57,318	173,229	230,547
Korean Won	54,406	115,788	170,194
Japanese Yen	-	118,339	118,339
GB Pound	-	77,096	77,096
Canadian Dollar	7,035	17,620	24,655
Taiwan Dollar	-	22,811	22,811
Swiss Franc	-	18,143	18,143
Hong Kong Dollar	8,457	29,312	37,769
Malaysia Ringgit	-	11,620	11,620
Other currencies	4,798	80,766	85,564
Total	187,218	903,638	1,090,856

Contracts in effect as at December 31, 2023 to hedge projected future financial cash flows:

(amounts in thousands of Euro)	Forward sale contracts	December 31 2023
Currency		
GB Pound	35,671	35,671
Swiss Franc	33,153	33,153
US Dollar	43,514	43,514
Korean Won	20,925	20,925
Taiwan Dollar	8,876	8,876
Malaysia Ringgit	3,939	3,939
Other currencies	26,329	26,329
Total	172,407	172,407

All contracts in place at December 31, 2024 will mature within 12 months.

All contracts in place at the reporting date were entered into with major financial institutions, therefore the related credit default risk is not considered to be significant.

A liquidity analysis of the derivative contracts' maturities is provided in the financial risks section of these Notes.

Interest rate transactions

The Company enters into interest rate swaps ("IRS") in order to hedge the risk associated with interest rate fluctuations on loans. The key features of the IRS agreements in place at December 31, 2024 and December 31, 2023 are summarised below:

Interest Rate Swap (IRS)						Hedged loan			
Contract	Currency	Notional amount	Interest rate	Maturity date	Dec. 31 2024	Currency	Type of debt	Amount	Expiry
IRS	Euro/000	20,168	1.46%	May-2030	449	Euro/000	Term Loan	20,168	May-2030
IRS	Euro/000	100,000	1.33%	Apr-2025	346	Euro/000	Term Loan	100,000	Apr-2025
IRS	Euro/000	27,000	2.65%	Feb-2026	(88)	Euro/000	Term Loan	27,000	Feb-2026
Total fair value (amounts in thousands of Euro)					708				

Interest Rate Swap (IRS)						Hedged loan			
Contract	Currency	Notional amount	Interest rate	Maturity date	Dec. 31 2023	Currency	Type of debt	Amount	Expiry
IRS	Euro/000	23,833	1.46%	May-2030	875	Euro/000	Term Loan	23,833	May-2030
IRS	Euro/000	100,000	1.33%	Apr-2025	2,332	Euro/000	Term Loan	100,000	Apr-2025
IRS	Euro/000	52,200	2.65%	Feb-2026	190	Euro/000	Term Loan	52,200	Feb-2026
Total fair value (amounts in thousands of Euro)					3,397				

The IRS converts the variable interest rates on bank loans into fixed interest rates. They have been arranged with major financial institutions; therefore, the related credit default risk is not considered to be significant.
According to the applicable regulations, the derivatives presented above meet the requirements for designation as cash flow hedges.

The Company entered into an IRS agreement for loans taken out by a UK subsidiary and stipulated an IRS agreement having the same characteristics with the same subsidiary. Therefore, those contracts are accounted for as non-hedging instruments (fair value through profit or loss):

Contract	Currency	Notional amount	Interest rate paid	Interest rate received	Maturity date	December 31, 2024	December 31, 2023	Counterparty
						Fair value Euro/000	*Fair value Euro/000*	
IRS	GBP/000	43,959	2.77%	Libor GBP/365	31/01/2029	1,848	1,434	UniCredit
IRS	GBP/000	43,959	2.83%	Libor GBP/365	31/01/2029	(1,784)	(1,354)	Kenon Ltd
Total IRS – Fair value through profit or loss						64	80	

Information on financial risks

Capital management

The Company's capital management strategy aims to guarantee a fair economic return to shareholders, protect the interests of other stakeholders, maintain a balanced capital structure with a high degree of creditworthiness, reducing the average cost of debt and minimizing financial risks.

Categories of financial assets and liabilities according to IFRS 7

Financial assets

The following is the detail of financial assets required by IFRS 7 under the categories required by IFRS 9:

(amounts in thousands of Euro)	Financial assets designated at fair value	Held to collect	Held to collect and sale	Other	Equity instruments	Total	Notes
Cash and cash equivalents	-	-	-	601,743	-	601,743	1
Trade receivables, net	-	760,671	-	-	-	760,671	2
Derivative financial instruments	15,058	-	-	-	-	15,058	4
Financial receivables from parent companies, subsidiaries, associates and related parties	-	202,773	-	-	-	202,773	5
Financial receivables IFRS16 - lease	-	16,068	-	-	-	16,068	5
Investments in subsidiaries and associates	-	-	-	-	1,567,143	1,567,143	10
Total at December 31, 2024	15,058	979,512	-	601,743	1,567,143	3,163,456	

(amounts in thousands of Euro)	Financial assets designated at fair value	Held to collect	Held to collect and sale	Other	Equity instruments	Total	Notes
Cash and cash equivalents	-	-	-	225,028	-	225,028	1
Trade receivables, net	-	724,077	-	-	-	724,077	2
Derivative financial instruments	16,664	-	-	-	-	16,664	4
Financial receivables from parent companies, subsidiaries, associates and related parties	-	342,722	-	-	-	342,722	5
Financial receivables IFRS16 - lease	-	19,354	-	-	-	19,354	5
Investments in equity instruments	-	-	-	-	5,184	5,184	10
Investments in subsidiaries and associates	-	-	-	-	1,312,798	1,312,798	10
Total at December 31, 2023	16,664	1,086,153	-	225,028	1,317,982	2,645,827	

Financial liabilities

The following is the detail of financial liabilities required by IFRS 7 under the categories required by IFRS 9:

(amounts in thousands of Euro)	Financial liabilities designated at fair value	Amortised cost	Financial liabilities held for trading	Total	Notes
Financial payables - third parties	-	272,810	-	272,810	13, 18
Financial payables - parent companies, subsidiaries, associates and related parties	-	122,291	-	122,291	14
Trade payables	-	655,469	-	655,469	15
Derivative financial instruments	29,960	-	-	29,960	4
Lease liability	-	371,208	-	371,208	12
Total at December 31, 2024	29,960	1,421,778	-	1,451,738	

(amounts in thousands of Euro)	Financial liabilities designated at fair value	Amortised cost	Financial liabilities held for trading	Total	Notes
Financial payables - third parties	-	401,953	-	401,953	13, 18
Financial payables - parent companies, subsidiaries, associates and related parties	-	100,069	-	100,069	14
Trade payables	-	557,055	-	557,055	15
Derivative financial instruments	8,897	-	-	8,897	4
Lease liability	-	366,709	-	366,709	12
Total at December 31, 2023	8,897	1,425,787	-	1,434,684	

Fair Value

The carrying amount of the derivative instruments, whether assets or liabilities, reflects the fair value, as explained in this Note.

The carrying amount of cash and cash equivalents, financial receivables and trade receivables, as adjusted for impairment where necessary as required by IFRS 9, approximates their estimated realisable value and, hence, their fair value.

The reported amount of Investments in equity instruments corresponds to its fair value (Level I) as explained in Note 10.

Lease liability is reported at the present value, while all the other financial liabilities are carried at approximately their fair value.

Credit risk

Credit risk is defined as the risk of financial loss caused by the failure of a counterparty to meet its contractual obligations. The maximum risk to which an entity is exposed is represented by all the financial assets recognised in the financial statements.

However, according to management, the Company's credit risk regards essentially the trade receivables generated from sales to independent clients in the wholesale channel and the cash holdings.

The Company manages credit risk and mitigates the related effects through its business and financial strategies. Credit risk is managed by monitoring and checking the reliability and solvency of customers and is carried out by the Group’s Sales Management.

The lack of concentration of the total trade receivables with any one customer and the evenly spread out geographical composition of the receivables worldwide mitigate the risk of incurring financial losses.

The expected loss on past-due receivables and doubtful accounts at the reporting date is fully covered by the allowance for doubtful debts.

The changes in the allowance for doubtful debts are shown in Note 2 on trade receivables.

Liquidity risk

Liquidity risk refers to the difficulty the Company could have in securing new funds, leading to a failure in meeting its financial obligations. The Directors are responsible for managing liquidity risk, while the Group Chief Financial Officer (CFO), supported by the Deputy Group CFO is in charge of optimising the management of financial resources.

According to the Directors, the funds and credit lines currently available, in addition to those that will be generated by operating and financing activities, will enable the Company to meet its financial requirement arising from investing activities, working capital management, punctual loan repayment and dividend payments in the foreseeable period.

To provide greater financial flexibility, on April 17, 2024 Prada S.p.A. signed a new Euro 800 million Sustainability-Linked Revolving Credit Facility (5-year duration), replacing the existing Euro 400 million facility.
As of December 31, 2024, the Company had undrawn cash credit lines of Euro 1,065 million, of which Euro 800 million committed and Euro 265 million uncommitted.
As required by IFRS 7, with respect to forward contracts and options, only the anticipated cash flows that are negative at the reporting date are reported. Both positive and negative cash flows are presented for interest rate swaps.
The cash flows shown below have not been discounted and therefore differ from the amounts included in the table of derivative financial instruments (current and non-current) presented at the beginning of this section.

Financial liabilities under derivative financial instruments

(amounts in thousands of Euro)	Future contractual cash flows at Dec. 31, 2024	6 mths or less	6 to 12 mths	1 to 2 years	2 to 3 years	more than 3 years
Net cash flows (outflows/inflows) of forward contracts	(24,472)	(13,007)	(11,066)	(399)	-	-
Net cash flows (outflows/inflows) of options	(3,699)	(1,848)	(1,851)	-	-	-
Interest rate swaps	770	458	17	91	89	115
Net value	(27,401)	(14,397)	(12,900)	(308)	89	115

(amounts in thousands of Euro)	Future contractual cash flows at Dec. 31, 2023	6 mths or less	6 to 12 mths	1 to 2 years	2 to 3 years	more than 3 years
Net cash flows (outflows/inflows) of forward contracts	(7,475)	(3,804)	(3,671)	-	-	-
Net cash flows (outflows/inflows) of options	-	-	-	-	-	-
Interest rate swaps	3,476	1,880	1,033	283	82	200
Net value	(3,999)	(1,924)	(2,638)	283	82	200

Financial liabilities

(amounts in thousands of Euro)	Reported amount at December 31, 2024	Future contractual cash flows at December 31, 2024	upon request	6 mths or less	6 to 12 mths	1 to 2 years	2 to 3 years	3 to 4 years	Beyond 4 years
Lease liability	371,208	371,208	-	32,183	29,983	58,394	56,068	52,852	141,729
Financial payables to banks	272,810	272,390	-	122,989	7,389	129,178	3,667	3,667	5,500
Financial payables to parent companies, subsidiaries, associates and related parties	122,291	122,291	122,291	-	-	-	-	-	-
Total	766,309	765,889	122,291	155,172	37,372	187,572	59,735	56,519	147,229

(amounts in thousands of Euro)	Reported amount at December 31, 2023	Future contractual cash flows at December 31, 2023	upon request	6 mths or less	6 to 12 mths	1 to 2 years	2 to 3 years	3 to 4 years	Beyond 4 years
Lease liability	366,709	366,706	-	28,761	28,183	53,123	51,183	48,671	156,788
Financial payables to banks	402,510	402,225	-	95,847	33,989	130,378	129,178	3,667	9,167
Financial payables to parent companies, subsidiaries, associates and related parties	100,069	100,069	86,191	13,878	-	-	-	-	-
Total	869,288	869,000	86,191	138,486	62,172	183,501	180,360	52,337	165,955

Foreign exchange risk
The Company is exposed to foreign exchange risk deriving from fluctuations of foreign currencies against the Euro. Foreign exchange risk consists of the risk that cash flows from distributors could fluctuate as a result of changes in exchange rates. The most important currencies for the Company are the U.S. Dollar, Hong Kong Dollar, Japanese Yen, Chinese Renminbi and British Pound Sterling.

The following table shows the sensitivity of net income and equity to a fluctuation range for the main foreign currencies against the Euro, based on the Company's financial position and performance at December 31, 2024:

	Euro --> + 5%		Euro --> - 5%	
(amounts in thousands of Euro)	Positive/ (negative) effect on net income	Positive/ (negative) effect on shareholders' equity	Positive/ (negative) effect on net income	Positive/ (negative) effect on shareholders' equity
GB Pound	193	3,647	(575)	(4,879)
Hong Kong Dollar	807	3,105	(929)	(3,560)
Japanese Yen	(3,126)	4,690	3,472	(5,107)
Chinese Remnimbi	2,101	12,313	(2,537)	(14,211)
US Dollar	(2,550)	12,000	2,572	(14,434)
Other currencies	(4,611)	9,383	5,369	(10,015)
Total	(7,186)	45,138	7,372	(52,206)

The total impact on equity (increase of Euro 45 million and decrease of Euro 52 million) is the sum of the effect on profit or loss and on the cash flow hedge reserve of a hypothetical appreciation/depreciation of the Euro against the other currencies. The effects on net income and equity are shown before taxes.
The effects on the financial statement items are presented above before taxes. The sensitivity analysis is based on currency exposure at the end of the period, which might not reflect the actual exposure during the period. For this reason, it is purely indicative.

Interest rate risk
The Company is exposed to the risk of interest rate fluctuations mainly with regard to interest expense on its financial debt. The Interest rate risk management is under the ultimate responsibility of the Group CFO.

The following table shows the sensitivity of net income and equity to a shift in the interest rate curve based on the Company's financial position as at December 31, 2024.

(amounts in thousands of Euro)	Shift in interest rate curve	Positive/ (negative) effect on net income for the period	Positive/ (negative) effect on shareholders' equity	Shift in interest rate curve	Positive/ (negative) effect on net income for the year	Positive/ (negative) effect on shareholders' equity
Euro	+ 0.50%	1,586	1,848	-0.50%	(1,586)	(1,855)
GB Pound	+ 0.50%	80	80	-0.50%	(80)	(80)
Hong Kong Dollar	+ 0.50%	34	34	-0.50%	(34)	(34)
US Dollar	+ 0.50%	442	442	-0.50%	(442)	(442)
Other currencies	+ 0.50%	340	340	-0.50%	(340)	(340)
Total		2,482	2,744		(2,482)	(2,751)

The total impact on equity is the sum of the effect on profit or loss and on equity of a hypothetical shift in the interest rate curve. The effects on net income and equity are shown before taxes.
Sensitivity analysis was based on the end-of-period net financial position, which may not reflect the actual exposure to interest rate risk during the year. For this reason, it is considered purely indicative

Other risks
Risks factors affecting the international luxury goods market and those specific to the Company are described in the Financial Review in the paragraph "Risks factors and management".

5. Financial and other receivables due from parent companies, subsidiaries, associates and related parties

The short-term receivables due from subsidiaries and other companies are detailed below:

(amounts in thousands of Euro)	December 31 2024	December 31 2023
Financial receivables	162,927	194,557
Other receivables	2,458	11,012
Short term receivable IFRS16	3,333	3,324
Financial and other receivables - due within a year	168,718	208,893

The financial receivables include Euro 131 million of the principal on the loans to subsidiaries due within 12 months, shown net of the allowance for expected credit losses of Euro 2.8 million.
The amount is broken down by counterparty in Note 28.
Long-term financial receivables due from subsidiaries and associates are set forth below:

(amounts in thousands of Euro)	December 31 2024	December 31 2023
Financial receivables	39,845	148,165
Long term receivable IFRS16	12,735	16,030
Financial and other receivables - due after or more than a year	52,580	164,195

The financial receivables include the principal on the loans to subsidiaries due after more than 12 months, shown net of the allowance for expected credit losses of Euro 1.1 million.
The decrease of financial receivable, both long and short term, is due to repayments from subsidiaries; some financial receivables were waived to carry out the recapitalisation of some subsidiaries as detailed in Note 10.

6. Other current assets

The other current assets are set forth below:

(amounts in thousands of Euro)	December 31 2024	December 31 2023
VAT	14,417	16,910
Income tax and other tax receivables	36,559	68,103
Other assets	7,220	6,567
Prepayments	96,174	94,800
Deposits	119	1,111
Total other current assets	154,489	187,491

The other current assets are detailed hereunder:

(amounts in thousands of Euro)	December 31 2024	December 31 2023
Advances to suppliers	5,932	3,298
Advances to employees	80	599
Other receivables	1,208	2,670
Total other current assets	7,220	6,567

The prepayments and accrued income are broken down below:

(amounts in thousands of Euro)	December 31 2024	December 31 2023
Rental costs	183	174
Insurance	172	137
Design Costs	31,494	33,194
Fashion shows and advances on advertising campaigns	37,836	30,798
Others	26,489	30,497
Total prepayments and accrued income	96,174	94,800

The prepaid design costs consist primarily of costs incurred to design collections that will generate revenue after the reporting period.

7. Property, plant and equipment

The historical cost and accumulated depreciation of the past three periods are set forth below:

(amounts in thousands of Euro)	Land and buildings	Production plant and machinery	Leasehold improvements	Furniture & fittings	Other tangibles	Asset under construction	Total Net carrying amount
Historical cost	647,999	229,617	149,218	220,359	119,052	37,171	1,403,417
Accumulated depreciation	(142,833)	(178,359)	(112,169)	(92,687)	(80,700)	-	(606,748)
Net carrying amount at December 31, 2022	505,166	51,258	37,049	127,672	38,352	37,171	796,669
Historical cost	679,112	254,914	151,385	220,650	126,891	35,865	1,468,817
Accumulated depreciation	(157,886)	(190,168)	(119,130)	(96,350)	(85,042)	-	(648,576)
Net carrying amount at December 31, 2023	521,226	64,746	32,255	124,300	41,849	35,865	820,241
Historical cost	695,060	272,547	156,225	224,312	148,303	42,672	1,539,118
Accumulated depreciation	(173,701)	(202,319)	(127,533)	(102,070)	(90,906)	-	(696,529)
Net carrying amount at December 31, 2024	521,359	70,228	28,692	122,242	57,397	42,672	842,589

The changes in the carrying amount of "property, plant and equipment" for the year ended December 31, 2024 are as follows:

(amounts in thousands of Euro)	Land and buildings	Production plant and machinery	Leasehold improvements	Furniture & fittings	Other tangibles	Asset under construction	Total Net carrying amount
Balance at December 31, 2023	521,226	64,746	32,255	124,300	41,849	35,865	820,241
Additions	7,269	13,715	2,085	2,483	19,150	25,061	69,763
Depreciation	(15,907)	(12,341)	(8,405)	(5,786)	(7,532)	-	(49,971)
Disposals	(480)	(96)	(31)	(98)	(35)	(98)	(838)
Other movements	9,755	4,204	2,788	1,343	3,965	(18,156)	3,898
Impairment	(504)	-	-	-	-	-	(504)
Balance at December 31, 2024	521,359	70,228	28,692	122,242	57,397	42,672	842,589

The increases for "land and buildings" and "production plant and machinery" are attributable mainly to the capital expenditure invested to bolster and improve the manufacturing and logistics activities, within a broader plan to expand the production capacity.
The increase in leasehold improvements and furniture & fittings regarded primarily restyling and relocation projects for the retail premises.
Assets under construction at the end of the period mainly concern retail and industrial projects which will be completed in the following years.
"Other tangibles" includes the product archive, which expresses the identity and history of the Group's brands and serves as a constant source of inspiration.

Impairment test

As required by IAS 36 "Impairment of assets", it has been assessed whether there was any indicator of impairment on property, plant and equipment, right of use and intangible assets (other than goodwill), allocated to CGUs. The CGUs

for which an indicator of impairment emerged have been tested for impairment.
The Discounted Cash Flow method used to identify the recoverable amount of the CGUs consists of discounting the projected cash flows generated by the activities directly attributable to the CGU (value in use). Value in use is the sum of the present value of the future cash flows expected from the CGU (based on management's best estimate) and the present value of the related operating activities at the end of the period (terminal value).
The projected cash flows do not consider either significant improvements in the performance of the assets existing as of December 31, 2024 nor future developments of new activities.
For each group of CGUs tested, the weighted average cost of capital ("WACC") was determined by taking into due consideration the risk profile of the CGU, as well as other specific parameters, such as geographic location.
The "g" rate of growth used to calculate the terminal value was assumed in line with inflation expectations prospects and not higher than the long-term growth expected for the luxury goods market.
The impairment tests as of December 31, 2024 did not identify any impairment losses, besides the impairment equal to Euro 0.5 million related to asset disposal and/or substitution

8. Intangible assets

The historical cost and accumulated amortisation of the past three periods are set forth below:

(amounts in thousands of Euro)	Trademarks and intellectual property rights	Goodwill	Store Lease Acquisitions	Software	Development costs and other intangibles	Assets in progress	Total
Historical cost	14,253	112,070	33,665	241,157	28,845	30,695	460,685
Accumulated depreciation	(13,822)	(3,463)	(33,477)	(156,249)	(27,339)	-	(234,350)
Net carrying amount at December 31, 2022	431	108,607	188	84,908	1,506	30,695	226,335
Historical cost	14,456	115,976	33,665	289,358	29,149	49,670	532,274
Accumulated depreciation	(13,951)	(5,544)	(33,665)	(187,066)	(29,035)	-	(269,261)
Net carrying amount at December 31, 2023	505	110,432	-	102,292	114	49,670	263,013
Historical cost	14,540	115,976	33,665	360,020	29,149	53,099	606,449
Accumulated depreciation	(14,093)	(5,544)	(33,665)	(231,385)	(29,061)	-	(313,748)
Net carrying amount at December 31, 2024	447	110,432	-	128,635	88	53,099	292,701

The capital expenditures for software refer to technological and digital evolution projects in the retail, corporate, manufacturing and industrial area.

The changes in the carrying amount of intangible assets for the year ended December 31, 2024 are set forth below:

(amounts in thousands of Euro)	Trademarks and intellectual property rights	Goodwill	Store lease acquisition	Software	Development costs and other intangibles	Assets in progress	Total
Balance at December 31, 2023	505	110,432	-	102,292	114	49,670	263,013
Additions	84	-	-	31,872	-	42,634	74,590
Amortization	(142)	-	-	(44,336)	(26)	-	(44,504)
Disposals	-	-	-	(203)	-	-	(203)
Other movements	-	-	-	39,010	-	(39,205)	(195)
Balance at December 31, 2024	447	110,432	-	128,635	88	53,099	292,701

Other movements are related to assets under construction for projects which have been completed during 2024; the remaining amount are related to reduction of advance payment and other accruals.

Goodwill

Impairment test

"Goodwill" as at December 31, 2024 amount to Euro 110.4 million, of which Euro 90.9 million related to the CGU "Prada" and Euro 19.5 million related to the CGU "Miu Miu", as detailed below.
As required by IAS 36 "Impairment of assets", intangible assets with indefinite useful lives are not amortized, but they are tested for impairment at least once a year. The Company does not report intangible assets with indefinite useful lives other than goodwill.

Consistently with last year, as of December 31, 2024 the groups of cash-generating units which represent the lowest level within the Group at which management tests goodwill for impairment - correspond to the brands Prada and Miu Miu, operating segments identified for segment reporting purpose in compliance with IFRS 8.

The summary of the goodwill allocation to the two groups of CGUs corresponding to the operating segments Prada and Miu Miu is reported below:

(amounts in thousands of Euro)	December 31 2024
Prada	90,886
Miu Miu	19,546
Total	110,432

The impairment tests as of December 31, 2024 did not identify any impairment losses for the groups of CGU listed above.

The Discounted Cash Flow method used to identify the recoverable amount (value in use) of the group of CGUs consists of discounting the projected cash flows generated by the activities directly attributable to the operating segment to which the intangible asset or net invested capital has been assigned. Value in use is the sum of the present value of the future cash flows expected on the basis of the business plan projections prepared by the management for each group of CGUs and the present value of the related operating activities at the end of the period (terminal value). The recoverable amount was estimated with the assistance of a leading consulting firm.

The business plans used for the impairment tests were prepared by the management starting from the 2025 budget

and cover a period that does not exceed five years. The 2025 budget was approved by the Board of Directors on January 23, 2025. The business plans do not take into account either significant improvement in the performance of the assets existing as of December 31, 2024 or future developments of new activities.
For each group of CGUs tested, the weighted average cost of capital ("WACC") was determined by taking into due consideration the risk profile of the CGUs' group activities, as well as other specific parameters, such as geographic diversification.

The "g" rate of growth used to calculate the terminal value was assumed equal to 2.5%, in light of inflation expectations prospects and the long-term growth expected for the luxury goods market.

The WACC (post-tax) and g-rates used for impairment tests of groups of CGUs that include goodwill are reported below:

	2024	
CGU	WACC	g-rate
Prada	7.2%	2.5%
Miu Miu	7.2%	2.5%

Concerning such group of CGUs, an analysis of the sensitivity of the impairment test has been performed to changes in the key assumptions used to determine the recoverable amount for each of the group of CGUs to which goodwill is allocated. It has been verified that no reasonable change in the key assumptions would generate a reduction in the recoverable amount to the extent of constituting an impairment loss.

However, since value in use is measured on the basis of estimates and assumptions, management cannot guarantee that the value of goodwill or other tangible and intangible assets will not be subject to impairment in the future..

9. Right of use assets

The changes in the net book value of the right of use assets for the period ended December 31, 2024 are shown below:

(amounts in thousands of Euro)	Right of Use Buildings	Right of Use Cars transport vehicles	Right of Use Hardware	Right of Use Plant & Machinery	Total Net Book Value
Opening Balance	345,531	1,485	-	2,266	349,284
New contracts, initial direct costs and remeasurement	59,524	6,267	4,081	2,261	72,132
Depreciation	(57,833)	(1,237)	(155)	(884)	(60,109)
Contracts termination	(173)	(4,456)	-	6	(4,623)
Closing balance	347,049	2,059	3,926	3,649	356,683

Right of use assets increased by Euro 7 million, mainly as a result of new contracts and remeasurement of existing leases for Euro 72 million, net of depreciation for Euro 60 million and contracts termination for Euro 4.6 million.

Impairment test

As required by IAS 36 "Impairment of assets", it has been assessed whether there was any indicator of impairment on property, plant and equipment, right of use and intangible assets (other than goodwill), allocated to CGUs. The CGUs for which an indicator of impairment emerged have been tested for impairment.
Please refer to the Note 7 Property, plant and equipment for the details of the impairment test carried out. The impairment tests as of December 31, 2024 did not identify any impairment losses.

10. Investments

(amounts in thousands of Euro)	December 31 2024	December 31 2023
Investments in subsidiaries and associated undertakings	1,567,143	1,312,798
Investments at FVTOCI	-	5,184
Other investments	326	238
Total	1,567,469	1,318,220

The investments as at December 31, 2024 and December 31, 2023 are presented hereunder:

(amounts in thousands of Euro)	Notes	December 31 2023	Increases	Decreases	December 31 2024
Investments in subsidiaries:					
Artisans Shoes S.r.l.		2,706			2,706
Church & Co Ltd		42,198	-	-	42,198
Figline S.r.l.	(6) (8)	-	9,230	(5,684)	3,546
Hipic Prod Impex S.r.l.	(8)	11,292	11,571	-	22,863
IPI Logistica S.r.l.		1,798	-	-	1,798
Kenon Ltd		99,478	-	-	99,478
Luna Rossa Challenge S.r.l.		2,321	5	-	2,326
Marchesi 1824 S.r.l.	(6) (8)	-	8,200	(4,631)	3,569
PRM Services S. de R.L. de C.V.	(6)	407	-	(407)	(0)
Pelletteria Scandicci S.r.l.	(3)	-	7,323	(7,323)	-
Post Development Corp		54,807	-	-	54,807
Prada (Thailand) Co Ltd	(7)	10,157	24,021	-	34,178
Prada Asia Pacific Ltd		4,773	-	-	4,773
Prada Australia Pty Ltd		7,267	-	-	7,267
Prada Austria GmbH		3,208	-	-	3,208
Prada Bahrain WLLS	(2)	-	12	-	12
Prada Belgium sprl		4,296	-	-	4,296
Prada Bosphorus Deri Mamuller Ltd Sirketi	(7)	15,585	12,339	-	27,923
Prada Brasil Importação e Comércio de Artigos de Luxo Ltda	(7)	14,859	7,730	-	22,589
Prada Canada Corp		5,086	-	-	5,086
Prada Czech Republic Sro	(8)	1,894	1,532	-	3,426
Prada Denmark Aps	(7) (8)	3,491	8,936	-	12,426
Prada Germany GmbH	(8)	14,122	27,300	-	41,422
Prada Hellas Sole Partner Llc		21,764	-	-	21,764
Prada Japan Co Ltd		30,786	-	-	30,786
Prada Kazakhstan Llp		4,938	-	-	4,938
Prada Korea Llc		10,631	-	-	10,631
Prada Maroc Sarlau	(5)	-	14,312	(14,312)	-
Prada Middle East Fzco	(1)	2,106	4,537	-	6,643
Prada Monte-Carlo Sam	(8)	6,511	27,013	-	33,524
Prada Netherlands Bv		3,623	-	-	3,623
Prada New Zealand Ltd	(8)	2,192	1,400	-	3,592
Prada Norway As	(7)	9	1,792	-	1,801
Prada Panama Sa	(6)	906	-	(906)	-

(amounts in thousands of Euro)	Note	December 31 2023	Increases	Decreases	December 31 2024
Prada Philippines Inc	(7)	3,845	111	-	3,956
Prada Portugal Unipessoal Lda		955	-	-	955
Prada Retail Aruba Nv		1,623	-	-	1,623
Prada Retail France SaS	(7)	80,795	38,800	-	119,595
Prada Retail Malaysia Sdn Bhd		7,392	-	-	7,392
Prada Retail Mexico S. de R.L. de C.V.			0		0
Prada Retail South Africa (Pty) Ltd		861	-	-	861
Prada Retail UK Ltd	(7) (8)	21,170	52,588	-	73,758
Prada Retail Wll	(8)	3,041	20,653	-	23,694
Prada Rus LLC	(6)	25,534	-	(4,178)	21,356
Prada SA		23,315	-	-	23,315
Prada Saint Barthelemy SARL		1,600	-	-	1,600
Prada Saipan Llc		1,093	-	-	1,093
Prada San Marino S.r.l.		156	-	-	156
Prada Saudi Arabia Ltd		10,671	-	-	10,671
Prada Singapore Pte Ltd	(7)	2,478	7,615	-	10,093
Prada Spain Sl		89,675	-	-	89,675
Prada Sweden AB	(8)	8,121	3,402	-	11,523
Prada Switzerland sa		69,174	-	-	69,174
Prada Ukraine Llc		-	-	-	-
Prada USA Corp		535,856	-	-	535,856
Prada Vietnam Limited Liability Company		5,735	-	-	5,735
Tannerie Limoges Sas		1,440	-	-	1,440
Subsidiaries		1,277,739	290,422	(37,441)	1,530,720
Investments in associates / Join venture:					
Conceria Superior S.p.A.		20,100	-	-	20,100
Effepi S.r.l.	(4)	-	1,363	-	1,363
Filati Biagioli Modesto S.r.l.		7,148	-	-	7,148
Les Femmes S.r.l.		3,088	-	-	3,088
Luigi Fedeli e Figlio Srl		4,724	-	-	4,724
Associates / join ventures		35,060	1,363	-	36,423
Investments in other entities	(9)	5,421	-	(5,096)	326
Total		1,318,220	291,785	(42,537)	1,567,469

Investments for which potential impairment indicators have been identified, were tested for impairment. In order to perform the impairment test, management determined the recoverable amount based on the investment value in use, calculated as the sum of the present value of future cash flows expected from the business plan projections and the present value of the subsidiary net assets at the end of the business plan period (terminal value). The business plans considered for the purpose of the impairment tests are based on turnover growths in line with market forecasts observable from external sources researches and studies and do not consider significant improvement in the performance nor future development of activities in relation to the tested investments.

The rate used to discount cash flows was calculated using the weighted average cost of capital ("WACC"). For the year ended December 31, 2024, the WACC used for discounting purposes ranged between 5.4% and 11%. The WACC was calculated ad hoc for each investment subject to impairment test, taking into consideration the risk profile of the tested asset as well as the parameters specific to the related geographical area: market risk premium and sovereign bond yield.

The "g" rate of growth used to calculate the terminal value ranged between 1.5% and 3.5%, in light of the diverging inflation and GDP outlooks in the various countries, however, the prevalent growth rate was 2.5%, which can be considered prudent given the average growth expected in the long term for the luxury goods market, as also observable from market studies and other external sources.

For some of the subsidiaries the recoverable amount has been determined based on the subsidiary net equity. If the subsidiaries' net equity is negative a provision for coverage of losses is accounted for.

As a result of the impairment test, the following impairment losses have been identified:

(amounts in thousands of Euro)	Investment impairment	Provision for coverage of losses	December 31 2024
Figline S.r.l.	(891)	-	(891)
Marchesi 1824 S.r.l.	(4,447)	-	(4,447)
PRM Services S. de R.L. de C.V.	(407)	-	(407)
Pelletteria Scandicci S.r.l.	(7,323)	(1,255)	(8,578)
Prada Panama Sa	(906)	-	(906)
Prada Rus LLC	(4,177)	-	(4,177)
Prada Ukraine Llc	-	(533)	(533)
Total	(18,151)	(1,788)	(19,939)

It should be noted that since the recoverable amounts of the above-mentioned investments are measured on the basis of estimates and assumptions, the Directors cannot guarantee that the value of such investments will not be subject to further impairment losses in the future.

Notes:
1. On January 9, 2024, Prada S.p.A. purchased 19% of the share capital of Prada Middle East Fzco. As a result, Prada S.p.A.'s stake in Prada Middle East Fzco increased from 60% to 79%.
2. On July 10, 2024, Prada S.p.A. established the company Prada Bahrain Wll with the aim of expanding commercial activities in Bahrein.
3. On August 2, 2024, Prada S.p.A. purchased the entire share capital of Pelletteria Scandicci S.r.l..
4. On December 20, 2024, Prada S.p.A. purchased 40% of the share capital of Effepì S.r.l..
5. On December 2024, Prada Maroc Sarlau was removed from the commercial register.
6. The decrease reflects the write-down ensuing from the analysis conducted to determine the recoverable amount.
7. The increase in the investment represents the capital contribution paid in by Prada S.p.A., approved by the Board of Directors in 2024.
8. The increase in the investment refers to the capital contribution made by Prada S.p.A. through the waiver of its receivables.
9. The decrease in "Investments at FVTOCI" is due to the sale of the investments in Sitoy Group Holdings Limited completed in May 2024.

Additional information on subsidiaries and associates:

(amounts in thousands of Euro)	Carrying amount	Share Capital	Latest net income (loss) (**)	Shareholders' equity (**)	% interest held
Subsidiaries					
Artisans Shoes S.r.l.	2,706	1,000	1,381	6,798	66.7%
Church & Co Ltd	42,198	3,390	6,073	29,990	100.0%
Figline S.r.l.	3,546	(535)	(891)	3,546	100.0%
Hipic Prod Impex S.r.l.	22,863	10,052	1,321	18,718	100.0%
IPI Logistica S.r.l.	1,798	600	87	1,180	100.0%
Kenon Ltd	99,478	101,305	3,569	108,202	100.0%
Luna Rossa Challenge S.r.l.	2,326	20	4,971	7,296	-
Marchesi 1824 S.r.l.	3,569	1,017	(4,473)	3,569	-
Pelletteria Ennepì S.r.l.	-	-	-	-	0.0%
Caffè Principe S.r.l.	-	-	-	-	100.0%
Post Development Corp	54,807	38,110	2,941	33,369	100.0%
Prada Asia Pacific Ltd	4,773	372	17,327	394,273	100.0%
Prada Australia Pty Ltd	7,267	8,049	2,185	19,310	100.0%
Prada Austria GmbH	3,208	40	17	9,384	100.0%
Prada Bahrain	12	13	(775)	(763)	100.0%
Prada Belgium sprl	4,296	4,075	136	5,342	100.0%
Prada Bosphorus Deri Mamuller Ltd Sirketi	27,923	21,450	4,923	18,999	100.0%
Prada Brasil Importação e Comércio de Artigos de Luxo Ltda	22,589	59,919	2,051	26,507	100.0%
Prada Canada Corp	5,086	201	2,594	34,410	100.0%
Prada Czech Republic Sro	3,426	99	163	2,976	100.0%
Prada Denmark Aps	12,426	1,006	20	12,982	100.0%
Prada Germany GmbH	41,422	215	1,145	42,669	100.0%
Prada Hellas Sole Partner Llc	21,764	4,350	453	22,030	100.0%
Prada Japan Co Ltd	30,786	7,359	40,210	89,390	100.0%
Prada Kazakhstan Llp	4,938	915	719	2,839	100.0%
Prada Korea Llc	10,631	5,303	(343)	111,310	100.0%
Prada Maroc Sarlau	-	9,039	-	1	100.0%
Prada Middle East Fzco	6,643	4,717	6,040	64,595	79.0%
Prada Monte-Carlo Sam	33,524	2,700	(3,073)	24,812	100.0%
Prada Netherlands Bv	3,623	20	565	14,386	100.0%
Prada New Zealand Ltd	3,592	3,238	94	3,496	100.0%
Prada Norway As	1,801	3	(1,756)	(595)	100.0%
Prada Panama Sa	-	29	(48)	373	100.0%
Prada Philippines Inc	3,956	6,302	163	6,463	60.0%
Prada Portugal Unipessoal Lda	955	5	606	4,111	100.0%
Prada Retail Aruba Nv	1,623	1,936	147	2,447	100.0%
Prada Retail France SaS	119,595	11,160	3,311	101,766	100.0%
Prada Retail Malaysia Sdn Bhd	7,392	7,750	598	16,410	100.0%
Prada Retail UK Ltd	73,758	7,839	(4,429)	84,736	100.0%
Prada Retail Wll	23,694	3,959	(295)	28,958	100.0%
Prada Rus LLC	21,356	2	(552)	21,356	100.0%
Prada SA	23,315	31	15,406	198,292	100.0%
Prada Saint Barthelemy SARL	1,600	1,600	489	3,285	100.0%
Prada Saipan Llc	1,093	1,353	264	2,663	100.0%
Prada San Marino S.r.l.	156	26	134	180	100.0%
Prada Saudi Arabia Ltd	10,671	6,830	(242)	4,601	75.0%
Prada Singapore Pte Ltd	10,093	8,472	3,221	41,605	100.0%
Prada Retail South Africa (Pty) Ltd	861	2,549	(66)	842	100.0%
Prada Spain Sl	89,675	240	1,275	79,717	100.0%

(amounts in thousands of Euro)	Carrying amount	Share Capital	Latest net income / (loss)	Shareholders' equity	% interest held
Prada Sweden AB	11,523	44	341	7,452	100.0%
Prada Switzerland sa	69,174	25,499	738	46,942	100.0%
Prada (Thailand) Co Ltd	34,178	41,260	1,731	52,374	100.0%
Prada Ukraine Llc	-	5,494	(562)	(1,264)	100.0%
Prada USA Corp	535,856	557,523	37,228	770,503	100.0%
Prada Vietnam Limited Liability Company	5,735	5,778	169	4,662	100.0%
PRM Services S. de R.L. de C.V.	-	129	(129)	(45)	100.0%
Tannerie Limoges Sas	1,440	600	(17)	248	60.0%
Pelletteria Scandicci S.r.l.	-	10	(729)	(1,255)	100.0%
Associates / Join ventures:					
Conceria Superior S.p.A. (*)	20,100	4,028	(1,825)	10,406	43.6%
Filati Biagioli Modesto S.r.l. (*)	7,148	7,900	1,624	18,922	39.8%
Effepi S.r.l.	1,363	31	951	2,381	40.0%
Les Femmes S.r.l. (*)	3,088	400	801	3,895	40.0%
Luigi Fedeli e Figlio Srl (*)	4,724	3,358	1,553	8,673	15.0%
	1,567,143				

(*) Statutory figures at 31/12/2023

(**) Exchange rates as at 31/12/2024

The amounts shown are those reported for consolidation purposes before the resolutions of the respective Boards of Directors which approve the financial statements were passed, so they could differ from the final version.

11. Other non-current assets

The composition of the other non-current assets is set forth below:

(amounts in thousands of Euro)	December 31 2024	December 31 2023
Prepaid for commercial agreements	41,733	45,907
Sundry other long-term receivables	7,972	10,148
Long-term guarantee deposits	4,618	3,594
Total	54,323	59,649

Deposits
The security deposits are set forth below by type:

(amounts in thousands of Euro)	December 31 2024	December 31 2023
Nature:		
Stores	2,201	1,185
Offices	44	71
Warehouses	18	18
Other	2,355	2,320
Total	4,618	3,594

The security deposits are set forth below by maturity:

(amounts in thousands of Euro)	December 31 2024
Maturity:	
Within 1-2 years	-
Within 2-3 years	46
Within 3-4 years	51
Within 4-5 years	149
After 5 years	4,372
Total	4,618

12. Lease liability

The following table sets forth the lease liabilities:

(amounts in thousands of Euro)	December 31 2024	December 31 2023
Short-term Lease Liability	61,733	56,945
Long-term Lease Liability	309,476	309,764
Total	371,209	366,709

The Lease Liability increased from Euro 366.7 million at December 31, 2023 to Euro 371 million mainly as a result of new contracts net of payments and termination of the period.

13. Short-term financial payables and bank overdrafts

(amounts in thousands of Euro)	December 31 2024	December 31 2023
Bank overdrafts	4	7
Short-term loans	543	50,747
Current portion of long-term loans	130,378	79,089
Deferred costs on loans	(83)	(152)
Short-term financial payables and bank overdrafts	130,842	129,691

The decrease in short-term loans as at December 31, 2024 is the results of the settlement of uncommitted credit lines. The current portion of long-term loans increased of Euro 51.3 million during 2024; the long-term portion of long term loans is detailed in Note 18.

14. Financial and other payables due to parent companies, subsidiaries, associates and related parties

The composition of current payables due to parent companies, subsidiaries, associates and related parties is set forth below:

(amounts in thousands of Euro)	December 31 2024	December 31 2023
Financial payables	122,291	100,069
Other payables	6,375	9,801
Total payables to parent companies, subsidiaries, associates and related parties due within a year	128,666	109,871

The amount is broken down by counterparty in Note 28.

15. Trade payables

The trade payables are set forth below:

(amounts in thousands of Euro)	December 31 2024	December 31 2023
Trade payables - Third parties	298,756	267,702
Trade payables - Subsidiaries	352,223	285,259
Trade payables - Associates	4,444	4,103
Trade payables – Related parties	46	(9)
Total	655,469	557,055

The increase of Trade Payables up by Euro 98 million is mainly due to third parties and subsidiaries payables.

The breakdown by counterparty of payables due to subsidiaries and associates and to related parties is provided in Note 28, "transactions with parent companies, subsidiaries, associates and related parties".

An aging analysis of the total trade payables is set forth below:

(amounts in thousands of Euro)	December 31, 2024	Current	Overdue (in days)				
			1 ≤ 30	31 ≤ 60	61 ≤ 90	91 ≤ 120	> 120
Trade payables - third parties	298,756	246,180	44,019	1,761	684	1,178	4,934
Trade payables - subsidiaries	352,223	331,436	13,324	1,356	780	288	5,037
Trade payables - associates	4,444	3,181	1,263	-	-	-	-
Trade payables - parent companies	35	7	-	-	23	-	5
Trade payables - related parties	11	11	-	-	-	-	-
Total at December 31, 2024	655,469	580,814	58,607	3,116	1,487	1,468	9,977

(amounts in thousands of Euro)	December 31, 2023	Current	Overdue (in days)				
			1 ≤ 30	31 ≤ 60	61 ≤ 90	91 ≤ 120	> 120
Trade payables - third parties	267,702	215,679	41,519	3,014	975	1,103	5,412
Trade payables - subsidiaries	285,259	253,290	15,260	2,508	4,627	2,177	7,397
Trade payables - associates	4,103	2,434	1,641	11	18	-	-
Trade payables - parent companies	-	-	-	-	-	-	-
Trade payables - related parties	(9)	(9)	-	-	-	-	-
Total at December 31, 2023	557,055	471,395	58,419	5,533	5,620	3,280	12,809

16. Tax payables

The current tax liabilities are set forth below:

(amounts in thousands of Euro)	December 31 2024	December 31 2023
Current income taxes	61,072	-
VAT and other taxes	15,030	31,590
Social security and pension contribution liabilities	17,744	15,757
Total	93,846	47,347

Details of "Current income taxes" are provided in Note 27 to the Financial Statements.
"VAT and other taxes" also include personnel income tax (IRPEF) withholdings on employee pay and professional fees, and VAT liabilities arising on e-commerce sales in EU countries.

17. Other current liabilities

The "other current liabilities" are as follows:

(amounts in thousands of Euro)	December 31 2024	December 31 2023
Payables for capital expenditure	46,714	49,130
Payables to employees	62,732	62,222
Provision for return	190,687	137,351
Accrued expenses and deferred income	5,142	6,064
Other payables	10,372	10,923
Total	315,646	265,690

The payables due to employees refer to wages and salaries, the 13th and 14th salary accruals, unused vacation time and performance bonuses.
The provision for returns is allocated to cover sales returns whose existence is certain but whose timing and amount are uncertain at the reporting date. The amount of the provision was estimated on the basis of historical/statistical data and forecasts of the number of items sold that could be returned in future.
"Payables for capital expenditures" includes the amounts due for capital expenditure as at December 31, 2024, described in Notes 7 and 8 on property, plant and equipment and intangible assets.
"Other payables" include Euro 9 million of the short-term portion of deferred income on commercial agreements and Euro 1.2 million in advances received from customers.

18. Long-term financial payables

The non-current financial payables are as follows:

(amounts in thousands of Euro)	December 31 2024	December 31 2023
Long-term bank borrowings	142,011	272,389
Deferred costs on loans	(43)	(127)
Total	141,968	272,262

In 2024, the current portions of long-term loans were repaid for a total amount of Euro 130 million; no new medium/long-term loans were stipulated. On April 17, 2024 Prada S.p.A. signed a new Euro 800 million Sustainability-Linked Revolving Credit Facility (5-year duration), replacing the existing Euro 400 million facility. This new Revolving Credit Facility is undrawn as of December 31, 2024.

Prada S.p.A.'s loan covenants were fully complied with at December 31, 2024 and they are expected to be complied within the next 12 months as well.

The long-term bank borrowings as at December 31, 2024, excluding amortised costs, are set forth below:

Borrower	Amount (Euro thousands)	Type of loan	Currency	Expiry date	Interest rate (1)	Current portion (Euro thousands)	Non-current portion (Euro thousands)	Pledge	Covenant (2)
Prada S.p.A.	20,171	Term-loan	EUR	05/2030	2.737%	3,666	16,501	Mortgage loan	n.a.
Prada S.p.A.	100,000	Term-loan	EUR	04/2025	2.000%	100,000	-	-	Leverage ≤ 3
Prada S.p.A.	100,000	Term-loan	EUR	07/2026	3.137%	-	100,000	-	Leverage ≤ 3.5
Prada S.p.A.	27,000	Term-loan	EUR	02/2026	3.549%	12,600	14,400	-	Leverage ≤ 3.5
Prada S.p.A.	3,000	Term-loan	EUR	01/2025	3.682%	3,000	-	-	Leverage ≤ 3
Prada S.p.A.	22,222	Term-loan	EUR	11/2026	3.662%	11,111	11,111	-	Leverage ≤ 3.5
Total	272,389					130,377	142,011		

(1) the interest rates include the effect of interest rate risk hedges

(2) "leverage" is the ratio between the net financial position (deficit) and the sum of "EBIT", "Interest expenses on lease liabilities" and "Depreciation, amortisation and impairment on tangible and intangible fixed assets"

Covenants are calculated on a semester basis based on the financial information as of December 31 and June 30.

The mortgage loan is secured by the building in Milan used as the Company's headquarters.
A maturity analysis is provided in Note 4.

19. Long-term employee benefits

(amounts in thousands of Euro)	December 31 2024	December 31 2023
Post-employment benefits	16,438	17,805
Other long-term employee benefits	34,836	16,046
Total	51,274	33,851

Post-employment benefits
The post-employment benefits recognised as at December 31, 2024 amount to Euro 16.4 million; they all refer to the provision for leaving indemnities and all the benefits are classified as defined benefit plans. The provision for leaving indemnities was measured using the Projected Unit Credit Method with the support of Federica Zappari, an independent Italian actuary, member (n. 1134) of the Ordine Nazionale degli Attuari (Italian Society of Actuaries).

The main actuarial assumptions for the years of valuation were as follows:

		December 31 2024		December 31 2023
Average duration of plan (years)		8.2		9.4
Discount rate		3.11%		3.08%
Inflation rate:				
	until 2027:	1.8%	2024:	3.0%
	2028:	1.9%	2025:	2.5%
	2029 and following:	2%	2026 and following:	2.5%

The discount rate used to measure the defined benefit plans was determined on the basis of yields on bonds with an AA rating and a maturity date similar to that of the plans.

The actuarial gains and losses are as follows:

	Defined Benefit Plans (TFR)
Actuarial adjustments due to:	
(a) Changes in financial assumptions	(557)
(b) Other assumptions	78
(c) experience adjustment	(144)
Actuarial (gains)/losses	(623)

Sensitivity analysis conducted on the main actuarial assumptions used as of December 31, 2024 showed that a 50 basis points increase or decrease in the parameters (discount rates, salary raises, inflation rate, probability of termination of service and percentage of leaving indemnity advances) would have an impact of 5% or less on the obligations. Accordingly, the result of the analysis was considered immaterial with respect to possible effects on the financial statements.

Concerning the provision for leaving indemnities reported above, the following plan payments are expected in subsequent years:

(amounts in thousands of Euro)	2025	2026	2027	2028	After 2029
Defined Benefit Plans (TFR)	1,640	1,180	1,114	1,139	16,728

The changes in the liabilities for post-employment benefits as of December 31, 2024 are shown hereunder:

(amounts in thousands of Euro)	Post - employment benefits
Balance at December 31, 2023	17,805
Current service cost	617
Actuarial (Gains)/Losses	(623)
Indemnities paid	(1,361)
Balance at December 31, 2024	16,438

Other long-term employee benefits

The other long-term employee benefits meet the IAS 19 and IFRS 2 definition of long-term employee benefits for the Company's key-management personnel. Their actuarial valuation at December 31, 2024, calculated using PUCM and fair value methodologies, resulted in Euro 34.8 million (Euro 16 million as at December 31, 2023), according to an independent actuarial appraisal.

The following table presents the changes in other long-term employee benefits for the year ended December 31, 2024:

(amounts in thousands of Euro)	Other long term employee benefits
Balance at December 31, 2023	16,046
Current service cost	18,790
Balance at December 31, 2024	34,836

Phantom stock options beneficiaries are entitled to cash payment based on the variable number of phantom shares assigned, depending on the achievement by the Group of economic and financial objectives and ESG target, in the period covered by the phantom share plans.

Phantom stock options value will be determined as the difference between the Prada share price at the end of the remuneration plan and its value at the beginning of the plan when stock options were assigned to the beneficiary.

As of December 31, 2024 there are four phantom stock options plans reserved to the Group top management, with vesting period in the years 2025, 2026 (two plans) and 2027, totaling n. 12,590,668 options.

Details of the phantom stock options assigned as of December 31, 2024 are set forth below:

Number of Phantom stock options	
Assigned as of December 31, 2023	2,948,679
Increase of the period	4,077,509
Payments of the period	-
Total as of December 31, 2024	7,026,188

The fair value of the options assigned is calculated with the Monte Carlo model, in line with IFRS2 requirements, and amounts to Euro 28.1 million.

20. Provisions for risks and charges

The changes in the provisions for risks and charges are summarised below:

(amounts in thousands of Euro)	Provision for litigations	Provision for coverage of losses of subsidiaries / associates	Other provisions	Total
Balance at December 31, 2023	106	5,709	4,391	10,205
Increases	-	1,789	7,396	9,185
Utilization for payments	(26)	(4,977)	(2,474)	(7,477)
Balance at December 31, 2024	80	2,520	9,313	11,913

The provisions for risks and charges represent the Directors' best estimate of the maximum outflow of resources needed to settle liabilities deemed to be probable. In the Directors' opinion, based on the information available to them, the total amount accrued for risks and charges at the reporting date is adequate in respect of the liabilities that could arise from them.

Other provisions
The other provisions amount to Euro 9.3 million as of December 31, 2024 and mainly relates for Euro 6.4 million to contractual obligations to restore leased commercial properties to their original condition. Other provisions also include the Company's commitment in relation to the SEA BEYOND project.

Provision for coverage of losses of subsidiaries
The provision for coverage of losses of subsidiaries has been accrued as at December 31, 2024, as described in Note 10.

21. Other non-current liabilities

The other non-current liabilities are as follows:

(amounts in thousands of Euro)	December 31 2024	December 31 2023
Deferred income for commercial agreements	89,739	98,713
Total	89,739	98,713

Deferred income for commercial agreements decreased by Euro 9 million compared to December 31, 2023.

22. Equity

Equity composition is set forth hereunder:

(amounts in thousands of Euro)	December 31 2024	December 31 2023
Share capital	255,882	255,882
Legal reserve	51,176	51,176
Share premium reserve	410,047	410,047
Other capital reserves	182,899	182,899
Retained Earnings	1,584,944	1,379,281
Fair value reserve	-	(8,771)
Cash flow hedge reserve	(9,341)	5,306
Net profit (loss) for the year	849,707	566,740
Total	3,325,314	2,842,560

Share capital
As at December 31, 2024, approximately 80% of Prada S.p.A.'s share capital was owned by PRADA Holding spa and the remainder consisted of floating shares on the Main Board of the Hong Kong Stock Exchange.
Share capital consists of 2,558,824,000 shares with a par value of Euro 10 cents per share.

Share premium reserve
The share premium reserve has not changed from that of December 31, 2024.

Other capital reserves
The other capital reserves were created from cash contributions and debt waivers from shareholders.

Retained earnings
The increase in "retained earnings" is mainly attributable to the allocation of net income of the previous year.

Dividends
During 2024, the Company distributed dividends of Euro 350,558,888 (Euro 0.137 per share), as approved at the General Meeting held on April 24, 2024 to approve the December 31, 2023 financial statements.

Availability of equity

(amounts in thousands of Euro)	December 31 2024	Possible utilisation	Amount distributable	Summary of utilisation in the last of three years	
				Coverage of losses	Distribution of dividends
Share capital	255,882				
Share premium reserve	410,047	A, B, C	410,047	-	-
Legal reserve	51,176	B		-	-
Other Reserves	182,899	A, B, C	182,899	-	-
Retained earnings	1,584,944	A, B, C	1,564,427	16,176	550,147
Fair value reserve					
Time value reserve					
Cash flow hedge reserve	(9,341)	-	-	-	-
Distributable amount			2,157,373	16,176	550,147

A: share capital increase
B: coverage of losses
C: distributable to shareholders

Under Italian Civil Code Article 2431, the share premium reserve is fully distributable because the amount of the legal reserve is at least 20% of share capital.
A non-distributable portion of retained earnings amounting to Euro 20.5 million refers to restricted reserves under Legislative Decree 38/2005, Article 7.

Statement of Profit or Loss

23. Net revenues

The net revenues are generated primarily by sales of finished products and are stated net of returns and discounts. The net sales for the year amount to almost Euro 3 billion (Euro 2.1 billion related of intercompany sales).
Royalty income is Euro 121 million and derives from cosmetic sales by L'Oreal and Coty Geneve S.a. and eyewear sales by the Luxottica Group. Royalty income rose by 17.5% on 2024.
The intercompany net sales is broken down by counterparty in Note 28.

(amounts in thousands of Euro)	December 31 2024	December 31 2023
Net Sales	2,856,027	2,449,433
Royalties	120,944	102,908
Net revenues	2,976,971	2,552,341

24. Cost of goods sold

The cost of goods sold is summarised below:

(amounts in thousands of Euro)	December 31 2024	December 31 2023
Purchases of raw materials and production costs	919,719	766,945
Logistic costs, duties and insurance	86,421	83,705
Change in Inventories	(58,188)	(31,376)
Total	947,952	819,274

The incidence of the cost of goods sold on net revenues for the twelve months ended December 31, 2024 was 32%, in line with 2023.
A higher average price and greater absorption of production overheads are behind the improvement, despite the increase in production costs caused by inflationary pressures.
The amount of Cost of Goods Sold is broken down by counterparty in Note 28.

The following table sets forth depreciation, amortisation, impairment, labour costs and rent expenses included within the cost of goods sold:

(amounts in thousands of Euro)	December 31 2024	December 31 2023
Depreciation of right of use assets	1,330	1,270
Depreciation, amortisation and impairment	13,626	12,210
Labour costs	120,683	104,946
Short term and low value lease (IFRS 16)	20	15
Fixed Rent	3	4
Total	135,662	118,445

25. Operating expenses

The operating expenses are summarised below:

(amounts in thousands of Euro)	December 31 2024	% of net revenues	December 31 2023	% of net revenues
Advertising and promotion expenses	276,785	9.3%	241,608	9.5%
Product design and development costs	118,911	4.0%	120,015	4.7%
Selling expenses	469,889	15.8%	387,355	15.2%
General and administrative costs	156,694	5.3%	133,889	5.2%
Total	1,022,279	34.3%	882,868	34.6%

The total operating expenses were Euro 1,022 million, up by Euro 139 million from those of 2023. The increase is attributable primarily to higher variable costs ensuing from greater communication activities, higher selling expenses and other general and administrative expenses.

Advertising and communication costs consist of expenses incurred to carry out advertising campaigns, fashion shows and other events plus the overheads attributable to this business area. Advertising and communications costs, Euro 277 million in the twelve months ended December 31, 2024, were up by Euro 35 million from the same period of 2023.

Product design and development costs include both the design phase – i.e., research and testing of patterns, fabrics, leather and production techniques and determination of the design concept - and the product development phase, involving planning and creation of prototypes.
General and administrative costs, Euro 157 million in the twelve months ended December 31, 2024, showed an increase of Euro 23 million.

The following table sets forth depreciation, amortisation, impairment, labour costs and rent expense included within the operating expenses in accordance with the requirements of IAS 1:

(amounts in thousands of Euro)	December 31 2024	December 31 2023
Depreciation of Right of Use	58,166	54,938
Depreciation, amortization and impairment	76,976	65,608
Labour costs	299,710	257,745
Pure Variable Lease (IFRS 16)	5,927	5,545
Short term and low value lease (IFRS 16)	590	379
Fixed Rent	598	781
Total	441,967	384,996

26. Interest and other financial income / (expense), net

Interest and exchange differences are presented below in comparison with the prior reporting period:

(amounts in thousands of Euro)	December 31 2024	December 31 2023
Interest expenses on borrowings	(25,825)	(22,722)
Interest income	24,390	37,274
Interest income/(expenses) IAS 19	(831)	(681)
Exchange gains/(losses) - realized	(4,127)	(14,076)
Exchange gains/(losses) - unrealized	(2,848)	(6,829)
Other financial income/(expenses)	(12,353)	(53,267)
Interest and other financial income/(expenses), net	(21,594)	(60,301)
Interest income/(expenses) on lease liabilities	(7,228)	(5,853)
Dividends from investments	170,501	24,584
Total	141,680	(41,570)

The exchange gains and losses refer exclusively to financial assets, including the effects of derivatives.
The interest on lease liabilities represents the present value adjustment of lease liabilities.
Other financial expenses mainly regard impairment losses of investments in subsidiaries pursuant to the impairment testing results.

The dividends received are presented below by counterparty, in comparison with those of the prior period:

(amounts in thousands of Euro)	December 31 2024	December 31 2023
From distribution of retained earnings reserves:		
Artisans Shoes S.r.l.	500	500
IPI Logistica S.r.l.	2,000	-
Prada Asia Pacific Ltd	11,423	-
Prada Canada Corp	6,793	-
Prada Japan Co Ltd	14,613	3,681
Prada SA	90,000	-
Post Development Corp	-	19,775
PRM Services S. de R.L. de C.V.	626	-
Other equity investments	111	627
From distribution of capital reserves:		
Post Development Corp	43,660	-
PRM Services S. de R.L. de C.V.	230	-
Prada Panama Sa	546	-
Total	170,501	24,583

27. Taxation

The income taxes for the year ended December 31, 2024 and the prior reporting period are set forth below:

(amounts in thousands of Euro)	December 31 2024	December 31 2023
Current taxation	297,094	255,862
Prior year taxes	10,099	(1,128)
Deferred taxation	(9,230)	(12,845)
Pillar II – top-up tax	750	-
Total	298,713	241,889

Tax expenses totalled Euro 299 million, corresponding to 26% of the pre-tax income.
The best estimate effect on the income taxes as of December 31, 2024 of the Pillar II jurisdictions that do not pass any of the transitional safe harbour tests lead to an accrual for the top-up tax of Euro 750 thousand.

In 2024 an agreement between Prada S.p.A. and Italian Tax Authority was signed to settle the disputed deductibility of the commission paid by Prada S.p.A. to Prada Asia Pacific Ltd to remunerate its support activity for the wholesale distribution for the period as of 2016 to 2021. Based on this agreement, Prada S.p.A. paid around Euro 15.2 million of taxes and interest; no penalties were applied by virtue of the correctness of the Transfer Pricing contemporaneous documentation prepared by Prada S.p.A..
Following the payment of the taxes described above, Prada S.p.A. recalculated the Patent Box benefit on trademarks with a higher benefit estimated at approximately Euro 3 million, of which Euro 2.3 million has been already recognised to profit or loss.

The deferred tax assets and liabilities recognised at the current and previous reporting dates are shown below by the item to which they refer:

(amounts in thousands of Euro)	Deferred taxes, net December 31 2024	Deferred taxes, net December 31 2023	Income statement effect	Equity effect
Employee benefits - defined benefit plans	605	504	251	(149)
Inventories	31,932	30,163	1,769	-
Property, plant and equipment	4,231	3,377	854	-
Intangible assets	(2,229)	(1,241)	(988)	-
Provisions for risks and charges	32,781	23,078	9,703	-
Allowance for doubtful debts	(581)	(581)	-	-
Derivative instruments	2,950	(1,675)	-	4,625
NOL carryforward	-	-	-	-
Other temporary differences	7,099	9,457	(2,358)	-
Total	76,788	63,082	9,231	4,476

The following table shows the reconciliation between the effective tax rate and the theoretical tax rate:

(amounts in thousands of Euro)	IRES	Eff. IRES rate	IRAP	Eff. IRAP rate	Total taxation	Eff. Total rate
Theoretical tax on income before taxation	275,621	24.00%	45,162	3.93%	320,783	27.93%
Dividends exempted	(38,174)	-3.32%	-	-	(38,174)	-3.32%
Impairment adjustment to investments	5,551	0.48%	-	-	5,551	0.48%
Other differences	7,574	0.66%	(11,580)	-1.01%	(4,005)	-0.35%
Dividend withholding tax	1,711	0.15%	-	-	1,711	0.15%
Difference between income before taxation and net value of production	-	-	11,229	0.98%	11,229	0.98%
Current taxation	252,283	21.97%	44,811	3.90%	297,094	25.87%
PAP commission dispute	11,240	0.98%	1,802	0.16%	13,042	1.14%
Patent box benefit	(1,598)	-0.14%	(252)	-0.02%	(1,850)	-0.16%
Other prior year taxes	(827)	-0.07%	(266)	-0.02%	(1,093)	-0.10%
Pillar II- top-up tax	750	0.07%	-	-	750	0.07%
Temporary differences	(7,982)	-0.70%	(1,249)	(0)	(9,230)	-0.80%
Taxes for period	253,867	22.11%	44,846	3.90%	298,713	26.01%

28. Transactions with parent companies, subsidiaries, associates and related parties

The Company carries out trade and financial transactions with companies owned by entities that directly or indirectly control Prada S.p.A. (related parties). The balances listed in the following tables result from transactions with related parties.

The transactions regard mainly sales of goods, supplies of business services, loans, leases. The transactions take place on an arm's length basis.

The following tables report information on transactions with related parties in accordance with IAS 24, "Related Party Disclosures". The following transactions with related parties fall within the scope of application of the Hong Kong Stock Exchange Listing Rules.

Statement of financial position

(amounts in thousands of Euro)	Trade receivables December 31 2024	Trade payables December 31 2024	Trade receivables December 31 2023	Trade payables December 31 2023
Subsidiaries	587,258	352,223	550,625	285,259
Artisans Shoes S.r.l.	756	22,326	383	18,237
Caffè Principe S.r.l.	-	-	-	1
Church & Co Ltd	348	3,939	3,813	5,726
Church Denmark Aps	-	-	-	1
Church France Sas	-	-	-	2
Church Hong Kong Retail Ltd	-	-	-	2
Church UK Retail Ltd	-	-	-	(20)
Figline S.r.l.	526	3,338	1,087	465
Hipic Prod Impex S.r.l.	235	4,171	858	5,466
IPI Logistica S.r.l.	517	254	582	929
Kenon Ltd	3	-	4	-
Luna Rossa Challenge S.r.l.	2,413	11	1,764	7
Luna Rossa Challenge S.r.l. - Sucursal en España	231	2	-	-
Marchesi 1824 S.r.l.	768	1,889	2,595	3,317
Marchesi 1824 S.r.l. - UK Branch	26	245	157	316
Pelletteria Scandicci S.r.l.	556	-	-	-
Post Development Corp	7	-	21	-
Prada (Thailand) Co Ltd	5,431	6,767	3,619	706
Prada Asia Pacific Ltd	7,149	21,293	7,449	20,812
Prada Australia Pty Ltd	3,822	1,221	3,741	1,262
Prada Austria GmbH	6,173	908	2,560	1,292
Prada Belgium sprl	1,620	1,423	3,614	1,326
Prada Bosphorus Deri Mamuller Ltd Sirketi	31,051	905	18,039	748
Prada Brasil Importação e Comércio de Artigos de Luxo Ltda	15,668	5,281	14,890	2,324
Prada Canada Corp	4,853	6,694	3,849	4,663
Prada Company SA	1	-	(8)	-
Prada Czech Republic Sro	1,152	112	2,734	227
Prada Denmark Aps	1,559	613	3,349	826
Prada Dongguan Trading Co Ltd	57	62	49	45
Prada Emirates Llc (*)	3,378	1,259	2,364	1,047
Prada Fashion Commerce (Shanghai) Co Ltd	83,430	64,672	76,654	32,707
Prada Germany GmbH	14,203	12,355	8,945	11,131
Prada Guam LLC	263	752	195	1,139
Prada Hawaii Corp.	-	-	-	7
Prada Hellas Sole Partner Llc	1,854	107	2,425	120
Prada Japan Co Ltd	70,225	1,321	32,365	1,296
Prada Kazakhstan Llp	13,613	75	13,626	569
Prada Korea Llc	69,221	9,566	65,694	12,265
Prada Kuwait Wll (*)	579	-	1,544	31
Prada Macau Co Ltd	4,604	624	6,804	541
Prada Middle East Fzco	31,160	6,125	28,973	11,586
Prada Monte-Carlo Sam	2,801	60	3,274	1,476
Prada Netherlands Bv	4,671	1,065	5,624	591
Prada New Zealand Ltd	213	749	298	633
Prada Norway As	263	-	167	-
Prada Philippines Inc	888	870	37	-
Prada Portugal Unipessoal Lda	5,033	645	4,786	416
Prada Retail Aruba Nv	506	252	130	780
Prada Retail France SaS	35,032	15,526	26,634	16,513

(amounts in thousands of Euro)	Trade receivables December 31 2024	Trade payables December 31 2024	Trade receivables December 31 2023	Trade payables December 31 2023
Prada Retail Malaysia Sdn Bhd	1,963	1,023	2,205	1,714
Prada Retail Mexico S. de R.L. de C.V.	6,289	361	8,438	493
Prada Retail South Africa (Pty) Ltd	520	1,517	518	1,515
Prada Retail UK Ltd	28,185	26,372	51,646	25,973
Prada Retail UK Ltd - Ireland Branch	609	74	2,860	574
Prada Retail Wll	4,509	1,744	2,240	2,408
Prada Rus LLC	19,794	18	22,663	20
Prada SA	46	-	57	28
Prada Sa - Swiss Branch	282	15,355	710	12,273
Prada Saint Barthelemy SARL	1,522	732	2,903	663
Prada Saipan Llc	14	867	78	551
Prada San Marino S.r.l.	2,237	184	2,255	70
Prada Saudi Arabia Ltd	4,521	3,729	944	3,443
Prada Singapore Pte Ltd	7,653	3,563	4,553	1,154
Prada Spain Sl	11,075	1,397	5,767	651
Prada Sweden AB	512	736	1,912	927
Prada Switzerland sa	10,382	4,623	7,498	6,372
Prada Taiwan Ltd - Taipei Branch	5,517	2,207	3,764	3,144
Prada Trading (Shanghai) Co Ltd	0	-	0	-
Prada USA Corp	51,780	88,429	70,969	58,774
Prada Ukraine Llc	1,204	-	1,204	1,540
Prada Vietnam Limited Liability Company	1,477	758	1,668	890
Tannerie Limoges Sas	308	1,059	84	553
Associates / Join ventures	812	4,444	775	4,103
Conceria Superior S.p.A.	-	1,409	-	1,460
Effepi S.r.l.	-	779	-	-
Filati Biagioli Modesto S.r.l.	-	270	59	171
Les Femmes S.r.l.	812	1,985	716	2,470
Luigi Fedeli e Figlio Srl	-	1	-	2
Parent companies	96	35	35	-
BELLATRIX S.P.A.	-	-	2	-
PRADA HOLDING S.P.A.	96	35	32	-
Related parties	21	11	-	(9)
Antica Buca di San Francesco SRL	9	-	-	-
Immobiliare Rivalsa S.p.A. (**)	-	9	-	8
LUDO DUE S.R.L.	-	-	-	(14)
Peschiera Immobiliare S.r.l.	12	1	-	(3)
Total	588,187	356,714	551,435	289,353

Note:
(*) Company consolidated based on definition of control per IFRS10
(**) Immobiliare Rivalsa S.p.A., previously an independent third party that owns a real estate property in Milan leased by the Company since 2019, was acquired in 2023 by a subsidiary of Prada Holding S.p.A. (the "Acquisition"). The right of use assets and lease liability amounts are recognised under lease agreements (including remeasurements pursuant to the automatic renewal of an existing lease) entered into between the Company and Immobiliare Rivalsa S.p.A. prior to the Acquisition.

(amounts in thousands of Euro)	Financial receivables December 31 2024	Other receivables December 31 2024	Financial receivables December 31 2023	Other receivables December 31 2023
Subsidiaries	218,561	2,454	367,688	11,010
Artisans Shoes S.r.l.	8,942	728	8,872	322
Church & Co Ltd	-	153	1,440	153
Church Italia S.r.l.	-	-	33	-
Figline S.r.l.	2,658	-	7,019	537
Hipic Prod Impex S.r.l.	2,096	-	14,198	-
IPI Logistica S.r.l.	-	34	-	36
Luna Rossa Challenge S.r.l.	16,260	-	16,323	9,427
Marchesi 1824 S.r.l.	18,380	435	27,612	44
Pelletteria Scandicci S.r.l.	-	200	-	-
Prada (Thailand) Co Ltd	8,419	-	7,910	-
Prada Asia Pacific Ltd	-	279	-	256
Prada Austria GmbH	2,004	-	5,190	-
Prada Belgium sprl	1,014	-	-	-
Prada Denmark Aps	-	-	4,946	-
Prada Dongguan Trading Co Ltd	-	28	-	28
Prada Fashion Commerce (Shanghai) Co Ltd	-	27	-	26
Prada Germany GmbH	-	-	28,021	-
Prada Guam LLC	1,665	-	1,571	-
Prada Japan Co Ltd	-	318	-	-
Prada Korea Llc	19,704	-	21,086	-
Prada Maroc Sarlau	-	3	-	3
Prada Middle East Fzco	13,827	-	13,181	-
Prada Monte-Carlo Sam	12,062	-	39,483	-
Prada New Zealand Ltd	-	-	1,468	-
Prada Norway As	2,482	119	3,542	125
Prada Retail Aruba Nv	481	-	-	-
Prada Retail France SaS	24,179	-	34,908	-
Prada Retail Malaysia Sdn Bhd	1,294	-	4,003	-
Prada Retail UK Ltd	11,264	60	37,273	47
Prada Retail UK Ltd - Ireland Branch	-	-	1,955	-
Prada Retail Wll	-	-	20,435	-
Prada SA	10	-	-	-
Prada Saipan Llc	-	-	454	-
Prada Saudi Arabia Ltd	23,929	-	10,388	-
Prada Singapore Pte Ltd	-	6	-	-
Prada Spain Sl	7	-	7,771	-
Prada Sweden AB	-	-	2,111	-
Prada Switzerland sa	28,920	-	28,567	-
Prada Taiwan Ltd - Taipei Branch	8,817	-	8,891	-
Prada USA Corp	2	64	-	5
Prada Ukraine Llc	1,049	-	982	-
Tannerie Limoges Sas	9,096	-	8,052	-
Associates	375	-	2	-
Les Femmes S.r.l.	375	-	2	-
Related parties	-	5	-	1
Immobiliare Rivalsa S.p.A.	-	5	-	-
Peschiera Immobiliare S.r.l.	-	-	-	1
Total	218,936	2,457	367,690	11,012

(amounts in thousands of Euro)	Fair value IRS "fair value through profit or loss"	
	December 31 2024	December 31 2023
Kenon Ltd	1,848	1,434

(amounts in thousands of Euro)	Financial payables December 31 2024	Other payables December 31 2024	Financial payables December 31 2023	Other payables December 31 2023
Subsidiaries	122,291	6,376	100,069	9,801
Artisans Shoes S.r.l.	-	518	-	656
Church & Co Ltd	9,891	-	-	43
Figline S.r.l.	-	345	-	727
IPI Logistica S.r.l.	1,654	-	2,951	2
Kenon Ltd	3,144	-	-	-
Marchesi 1824 S.r.l.	-	1,835	-	2,911
Marchesi 1824 S.r.l. - UK Branch	1,091	-	-	-
Post Development Corp	17,928	-	148	-
Prada Asia Pacific Ltd	6,425	189	-	6
Prada Australia Pty Ltd	-	15	-	16
Prada Austria GmbH	3,485	-	-	-
Prada Belgium sprl	-	1	-	13
Prada Bosphorus Deri Mamuller Ltd Sirketi	-	6	-	10
Prada Brasil Importação e Comércio de Artigos de Luxo Ltda	-	24	-	3
Prada Canada Corp	-	-	-	38
Prada Dongguan Trading Co Ltd	-	61	-	61
Prada Emirates Llc (*)	-	2	-	1
Prada Fashion Commerce (Shanghai) Co Ltd	-	1,685	-	2,947
Prada Germany GmbH	5,376	2	423	530
Prada Japan Co Ltd	-	3	-	7
Prada Monte-Carlo Sam	5	-	-	-
Prada Netherlands Bv	6,628	-	8,842	-
Prada New Zealand Ltd	-	2	-	-
Prada Portugal Unipessoal Lda	1,332	-	-	-
Prada Retail France SaS	5,722	4	21	23
Prada Retail Mexico S. de R.L. de C.V.	-	-	-	1
Prada Retail South Africa (Pty) Ltd	-	5	-	5
Prada Retail UK Ltd	4	18	-	23
Prada Retail UK Ltd - Ireland Branch	657	-	1,157	-
Prada Sa - Swiss Branch	30,100	1,572	86,510	1,572
Prada Singapore Pte Ltd	-	(2)	-	(7)
Prada Spain Sl	2,978	29	1	30
Prada Switzerland sa	14	-	16	160
Prada Taiwan Ltd - Taipei Branch	-	(8)	-	(4)
Prada USA Corp	25,857	70	-	26
Total	122,291	6,376	100,069	9,801

(*) Company consolidated based on definition of control per IFRS10

(amounts in thousands of Euro)	Other liabilities	
	December 31 2024	December 31 2023
Remuneration of Board of Directors	10,285	8,575

Statement of profit or loss

(amounts in thousands of Euro)	Net Revenues December 31 2024	Net Revenues December 31 2023	Cost of goods sold December 31 2024	Cost of goods sold December 31 2023
Subsidiaries	2,080,575	1,718,917	131,608	115,402
Artisans Shoes S.r.l.	7	29	80,378	61,180
Church & Co Ltd	26	24	697	3,259
Church Austria Gmbh	-	-	-	361
Church Denmark Aps	-	-	-	42
Church English shoes SA	-	145	-	-
Church Footwear (Shanghai) Co Ltd	-	-	-	1,948
Church Footwear Ab	-	(458)	-	-
Church France Sas	-	1,129	-	-
Church Germany Gmbh	-	-	-	48
Church Hong Kong Retail Ltd	-	(734)	-	1,361
Church Italia S.r.l.	-	(1)	-	1
Church Japan Company Ltd	-	(259)	-	-
Church's Singapore	-	28	-	-
Figline S.r.l.	22	4	8,359	6,505
Hipic Prod Impex S.r.l.	15	13	16,562	16,121
IPI Logistica S.r.l.	1	-	646	639
Luna Rossa Challenge S.r.l.	586	71	-	-
Marchesi 1824 S.r.l.	70	84	46	38
Marchesi 1824 S.r.l. - UK Branch	-	-	-	-
Pelletteria Ennepì S.r.l.	-	-	-	(161)
Prada (Thailand) Co Ltd	25,333	27,422	545	87
Prada Asia Pacific Ltd	35,547	29,974	1,388	1,271
Prada Australia Pty Ltd	16,962	15,814	4	8
Prada Austria GmbH	22,888	18,829	9	5
Prada Belgium sprl	3,071	3,855	10	57
Prada Bosphorus Deri Mamuller Ltd Sirketi	67,220	38,258	963	101
Prada Brasil Importação e Comércio de Artigos de Luxo Ltda	6,853	12,310	-	-
Prada Canada Corp	33,537	29,551	157	(2)
Prada Czech Republic Sro	3,344	3,219	4	0
Prada Denmark Aps	3,429	1,804	-	4
Prada Dongguan Trading Co Ltd	-	-	674	615
Prada Emirates Llc (*)	52	(115)	68	(2)
Prada Fashion Commerce (Shanghai) Co Ltd	303,801	254,654	174	19
Prada Germany GmbH	41,451	44,048	431	145
Prada Guam LLC	(665)	(570)	-	-
Prada Hellas Sole Partner Llc	8,344	6,366	3	4
Prada Japan Co Ltd	311,691	179,241	608	354
Prada Kazakhstan Llp	9,835	8,511	(1)	(1)
Prada Korea Llc	261,202	234,860	159	326
Prada Kuwait Wll (*)	-	-	-	(1)

(amounts in thousands of Euro)	Net Revenues December 31 2024	Net Revenues December 31 2023	Cost of goods sold December 31 2024	Cost of goods sold December 31 2023
Prada Macau Co Ltd	26,895	26,590	-	-
Prada Middle East Fzco	80,248	68,555	(1,221)	(193)
Prada Monte-Carlo Sam	10,386	7,836	256	749
Prada Netherlands Bv	21,217	23,153	(0)	(0)
Prada New Zealand Ltd	(397)	56	-	-
Prada Philippines Inc	1,141	-	-	-
Prada Portugal Unipessoal Lda	13,750	13,237	99	2
Prada Retail Aruba Nv	951	511	2	-
Prada Retail France SaS	124,474	101,572	4,900	3,494
Prada Retail Malaysia Sdn Bhd	10,663	14,832	3	3
Prada Retail Mexico S. de R.L. de C.V.	9,340	13,174	-	-
Prada Retail UK Ltd	83,688	68,927	3,319	3,951
Prada Retail UK Ltd - Ireland Branch	(176)	4,286	-	-
Prada Retail Wll	6,347	(1)	-	-
Prada Rus LLC	1	(22)	-	-
Prada Sa - Swiss Branch	2	-	-	-
Prada Saint Barthelemy SARL	2,026	2,710	-	-
Prada Saipan Llc	(2,063)	(629)	-	-
Prada San Marino S.r.l.	2,178	2,532	1	-
Prada Saudi Arabia Ltd	6,547	75	82	88
Prada Singapore Pte Ltd	30,576	34,961	24	38
Prada Spain Sl	53,084	48,457	17	54
Prada Sweden AB	787	833	(0)	0
Prada Switzerland sa	19,814	10,549	331	129
Prada Taiwan Ltd - Taipei Branch	27,154	19,411	13	19
Prada USA Corp	395,422	349,076	5,413	5,395
Prada Ukraine Llc	-	(1,539)	-	-
Prada Vietnam Limited Liability Company	1,897	1,668	163	173
Tannerie Limoges Sas	1	1	6,322	7,166
Associates / Join ventures	-	-	31.999	23.178
Conceria Superior S.p.A.	-	-	14.741	10.107
Effepi S.r.l.	-	-	182	-
Filati Biagioli Modesto S.r.l.	-	-	7.589	4.327
Les Femmes S.r.l.	-	-	8.577	8.742
Luigi Fedeli e Figlio Srl	-	-	910	2
Parent companies	-	2	-	-
BELLATRIX S.P.A.	-	2	-	-
Related parties	1	-	(5)	(5)
Antica Buca di San Francesco SRL	1	-	-	-
Peschiera Immobiliare S.r.l.	-	-	(5)	(5)
Total	2,080,576	1,718,919	163,602	138,575

(*) Company consolidated based on definition of control per IFRS10

(amounts in thousands of Euro)	Operating expenses December 31 2024	Operating expenses December 31 2023	Interest and other financial income (expenses), net December 31 2024	Interest and other financial income (expenses), net December 31 2023
Subsidiaries	(116,498)	(88,694)	11,006	21,335
Artisans Shoes S.r.l.	(2,746)	(2,201)	384	254
Caffè Principe S.r.l.	-	-	-	4
Church & Co Ltd	(6,188)	(4,626)	(100)	1,336
Church Austria Gmbh	-	14	-	-
Church Denmark Aps	-	1	-	-
Church English shoes SA	-	9	-	-
Church Footwear (Shanghai) Co Ltd	-	(1)	-	-
Church Footwear Ab	-	2	-	-
Church France Sas	-	28	-	-
Church Germany Gmbh	-	8	-	-
Church Hong Kong Retail Ltd	-	(2)	-	-
Church Italia S.r.l.	-	58	-	-
Church Japan Company Ltd	-	21	-	-
Church Korea Llc	-	(25)	-	-
Church Netherlands Bv	-	3	-	-
Church UK Retail Ltd	-	(52)	-	-
Church's Singapore	-	3	-	-
Figline S.r.l.	221	128	121	227
Hipic Prod Impex S.r.l.	304	308	404	889
IPI Logistica S.r.l.	198	200	(60)	(83)
Kenon Ltd	7	8	(1,135)	(706)
Luna Rossa Challenge S.r.l.	(15,001)	(14,968)	426	257
Marchesi 1824 S.r.l.	(1,689)	(1,746)	421	370
Marchesi 1824 S.r.l. - UK Branch	(190)	(265)	(7)	-
Pelletteria Ennepì S.r.l.	-	(161)	-	-
Pelletteria Figline S.r.l.	-	-	-	75
Pelletteria Scandicci S.r.l.	71	-	-	-
Post Development Corp	7	2	(206)	-
Prada (Thailand) Co Ltd	3,504	1,808	302	143
Prada Asia Pacific Ltd	(7,166)	(5,202)	(3)	(3)
Prada Australia Pty Ltd	1,812	1,675	-	-
Prada Austria GmbH	1,192	1,191	219	201
Prada Belgium sprl	586	678	34	-
Prada Bosphorus Deri Mamuller Ltd Sirketi	2,308	16,149	24	24
Prada Brasil Importação e Comércio de Artigos de Luxo Ltda	1,164	462	-	-
Prada Canada Corp	(8,786)	(5,578)	-	-
Prada Company SA	(63)	-	-	-
Prada Czech Republic Sro	315	312	-	-
Prada Denmark Aps	590	827	152	199
Prada Dongguan Trading Co Ltd	56	49	-	-
Prada Emirates Llc (*)	3,412	2,985	-	-
Prada Fashion Commerce (Shanghai) Co Ltd	3,146	(2,096)	-	-
Prada Germany GmbH	4,479	3,989	214	1,210
Prada Guam LLC	70	112	165	125
Prada Hellas Sole Partner Llc	692	351	-	-
Prada Japan Co Ltd	14,742	4,164	-	-
Prada Kazakhstan Llp	1,394	4,096	-	-
Prada Korea Llc	7,917	5,637	531	163
Prada Kuwait Wll (*)	515	740	-	-
Prada Macau Co Ltd	958	868	-	-
Prada Middle East Fzco	749	801	775	662
Prada Monte-Carlo Sam	533	1,160	3,341	3,944

(amounts in thousands of Euro)	Operating expenses December 31 2024	Operating expenses December 31 2023	Interest and other financial income (expenses), net December 31 2024	Interest and other financial income (expenses), net December 31 2023
Prada Netherlands Bv	993	1,022	(126)	(66)
Prada New Zealand Ltd	104	82	20	82
Prada Norway As	89	153	352	96
Prada Philippines Inc	(803)	37	-	-
Prada Portugal Unipessoal Lda	690	659	12	5
Prada Retail Aruba Nv	85	76	-	-
Prada Retail France SaS	5,799	4,798	2,320	3,382
Prada Retail Malaysia Sdn Bhd	592	980	161	326
Prada Retail Mexico S. de R.L. de C.V.	3,001	2,128	-	-
Prada Retail South Africa (Pty) Ltd	3	3	-	-
Prada Retail UK Ltd	3,848	4,562	1,123	2,447
Prada Retail UK Ltd - Ireland Branch	156	234	42	108
Prada Retail Wll	(402)	(2,803)	755	1,711
Prada Rus LLC	96	221	-	-
Prada SA	48	10	1	1
Prada Sa - Swiss Branch	(29,002)	(24,723)	(1,900)	(1,168)
Prada Saint Barthelemy SARL	(396)	(805)	-	-
Prada Saipan Llc	42	56	30	40
Prada San Marino S.r.l.	302	242	1	1
Prada Saudi Arabia Ltd	(3,614)	(4,372)	990	165
Prada Singapore Pte Ltd	2,777	1,617	-	-
Prada Spain Sl	2,708	2,263	89	2,181
Prada Sweden AB	352	733	31	20
Prada Switzerland sa	2,377	1,582	815	2,323
Prada Taiwan Ltd - Taipei Branch	2,287	1,408	285	158
Prada USA Corp	(117,258)	(90,381)	(276)	(1)
Prada Ukraine Llc	-	1	67	35
Prada Vietnam Limited Liability Company	(569)	(504)	-	-
Tannerie Limoges Sas	84	103	212	198
Associates	(320)	(241)	6	88
Conceria Superior S.p.A.	(200)	(140)	-	-
Filati Biagioli Modesto S.r.l.	(114)	(113)	(1)	77
Les Femmes S.r.l.	(3)	12	7	11
Luigi Fedeli e Figlio Srl	(3)	-	-	-
Parent companies	(72)	(73)	(2)	(2)
PRADA HOLDING S.P.A.	(72)	(73)	(2)	(2)
Related parties	(7,740)	(2,896)	(864)	(216)
Antica Buca di San Francesco S.r.l.	15	-	-	-
Immobiliare Rivalsa S.p.A. (**)	(6,023)	(1,206)	(645)	(75)
LUDO DUE S.R.L.	(1,091)	(1,115)	(103)	(118)
Peschiera Immobiliare S.r.l.	(641)	(575)	(116)	(23)
Total	(124,630)	(91,904)	10,146	21,205

(*) Company consolidated based on definition of control per IFRS10

(**) Immobiliare Rivalsa S.p.A., previously an independent third party that owns a real estate property in Milan leased by the Company since 2019, was acquired in 2023 by a subsidiary of Prada Holding S.p.A. (the "Acquisition"). The right of use assets and lease liability amounts are recognised under lease agreements (including remeasurements pursuant to the automatic renewal of an existing lease) entered into between the Company and Immobiliare Rivalsa S.p.A. prior to the Acquisition.

Commitments

Guarantees given

The guarantees concern:
- sureties of Euro 217.5 million given to third parties and related parties on behalf of Group companies;
- letters of comfort for Euro 405.6 million issued to banks on behalf of subsidiaries.

Other committtments

The Company had no significant binding purchase commitments as at December 31, 2024.

Additional information

Board of Director remuneration

Remuneration of Prada S.p.A. Board of Directors for the year ended December 31, 2024 is as follows:

(amounts in thousands of Euro)	December 31 2024
Directors' fees	46,666
Remuneration and other benefits	3,032
Bonuses and other incentives	5,437
Benefits in kind	105
Pension, healthcare and TFR contributions	1,808
Total	56,048

The Directors' Fees include both the remuneration approved by the shareholders at the Annual General Meeting and the remuneration approved by the Board of Directors, with the favorable opinion of the Board of Statutory Auditors, for the Directors holding special offices.

Statutory Auditors fees

The Statutory Auditors fees amount to Euro 130 thousands for the period.

Fees in thousands of Euro	December 31 2024
Statutory Auditors fees:	
Prada S.p.A.	130
Total fees for period	130

Deloitte & Touche S.p.A. fees

The total fees of the independent audit firm, Deloitte & Touche S.p.A. is detailed below.

Type of service	Audit firm	Fees in thousands of Euro
Audit services	Deloitte & Touche S.p.A.	550
Other advisory services	Deloitte Network	150
Total fees of audit firm for period ended December 31, 2024		700

Number of employees

The average FTE (calculated through ratio between effective working hours and standard working hours) of the employees, by business division, is presented below:

FTE	December 31 2024	December 31 2023
Production	2,514	2,234
Product design and development	993	956
Communications	107	102
Selling	1,232	1,126
General and administrative services	727	657
Total	5,573	5,075

Headcount	December 31 2024	December 31 2023
Executive	140	127
Manager	526	478
Staff	2,542	2,363
Labor	2,262	1,924
Total	5,470	4,892

Employee remuneration

The remuneration of employees by business division as at December 31, 2024 and December 31, 2023 is presented below:

(amounts in thousands of Euro)	December 31 2024	December 31 2023
Production	135,485	117,504
Product design and development	82,045	75,281
Advertising and Communications	11,465	10,158
Selling	113,233	94,629
General and administrative services	91,889	81,792
Total	434,117	379,364

By order of the Board of Directors

Paolo Zannoni
Executive Deputy Chairman

Milan, 4 March, 2025

CHAPTER 6

Independent Auditor's Reports

Independent Auditor's Reports

The Independent Auditor’s Reports included in this Separate Financial Statements are in two different formats taking into account the differences between the auditing standards adopted in the Italian jurisdiction (ISA Italia) and the International Auditing Standards (ISAs) issued by the International Auditing and Assurance Standard Boards (IAASB). Specifically, in Italy, where the Company is domiciled, the Independent Auditor’s report is issued for statutory purposes in accordance with ISA Italia pursuant to art, 14 of Italian Legislative Decree No. 39 of January 27, 2010, while in accordance to the regulations applicable in Hong Kong, where the Company’s shares are listed on the Main Board of the Hong Kong Stock Exchange, the Independent Auditor’s report is issued in accordance with ISAs.

Deloitte.

Deloitte & Touche S.p.A.
Via Santa Sofia, 28
20122 Milano
Italia

Tel: +39 02 83322111
Fax: +39 02 83322112
www.deloitte.it

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Prada S.p.A.

Opinion

We have audited the financial statements of Prada S.p.A. (the "Company"), which comprise the statement of financial position as at December 31, 2024, the statement of profit or loss, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year then ended and the notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment test	
Description of the key audit matter	As described in Notes 10 to the financial statements, the Company accounts for investments in subsidiaries of Euro 1,530.7 million. In accordance with IAS 36 - Impairment of assets, in light of specific identified impairment indicators, Management conducted impairment tests for some of the investments in subsidiaries recorded as of December 31, 2024 by comparing their recoverable amount to their carrying amount.

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	To measure the recoverable amount of the tested assets, Management determined the value in use using present value techniques based on estimates and assumptions using, among other, projected cash flows of the subsidiaries, appropriate discount rates ("WACC") and long-term growth rates ("g-rate"). For some subsidiaries, the recoverable amount was determined based on the subsidiary's net equity. As a result of the tests performed, impairment losses for a total amount of Euro 19.9 million have been recognized on investments in subsidiaries. Given the materiality of the carrying amount of the investments in subsidiaries and the complexity of the cash flows projections and estimates and assumptions used in the impairment model, we considered the impairment test to be a key audit matter.
Audit procedures performed	For our audit, we evaluated the methods used by Management to determine the recoverable amount of the tested assets and analyzed the methods and assumptions used by Management in the impairment test. Our audit procedures included, among others, the following, which were performed with the support of our internal valuation specialists: • Evaluation of the appropriateness of the methodologies used by Management to identify impairment indicators and to test investments in subsidiaries; • Analysis of the reasonableness of the main assumptions used to develop cash flow forecasts, through sector data analysis (luxury goods market studies) as well as of supporting data and information obtained from Management; • Evaluation of the reasonableness of the WACC and g-rate used by Management; • Verification of the mathematical accuracy of the model used to determine the recoverable amount of the tested assets; • Analysis of the information disclosed in the notes to the financial statements.

Other Information

Management is responsible for the other information. The other information comprises the sections corporate information, financial review and corporate governance of the Separate Financial Statements 2024 but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

  Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Those Charged with Governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Those Charged with Governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with Those Charged with Governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

DELOITTE & TOUCHE S.p.A.

Marco Ricci
Partner

Milan, Italy
March 4, 2025

Deloitte.

Deloitte & Touche S.p.A.
Via Santa Sofia, 28
20122 Milano
Italia

Tel: +39 02 83322111
Fax: +39 02 83322112
www.deloitte.it

INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

To the Shareholders of
Prada S.p.A.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Prada S.p.A. (the "Company"), which comprise the statement of financial position as at December 31, 2024, the statement of profit or loss, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity for the year then ended and the notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Deloitte.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions and statement pursuant to art. 14, paragraph 2, sub-paragraphs e), e-bis) and e-ter) of Legislative Decree 39/10

The Directors of Prada S.p.A. are responsible for the preparation of the financial review of Prada S.p.A. as at December 31, 2024, including its consistency with the related financial statements and its compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to:

- express an opinion on the consistency of the financial review with the financial statements;
- express an opinion on compliance with the law of the financial review;
- make a statement about any material misstatement in the financial review.

In our opinion, the financial review is consistent with the financial statements of Prada S.p.A. as at December 31, 2024.

In addition, in our opinion, the financial review is prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2, sub-paragraph e-ter), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

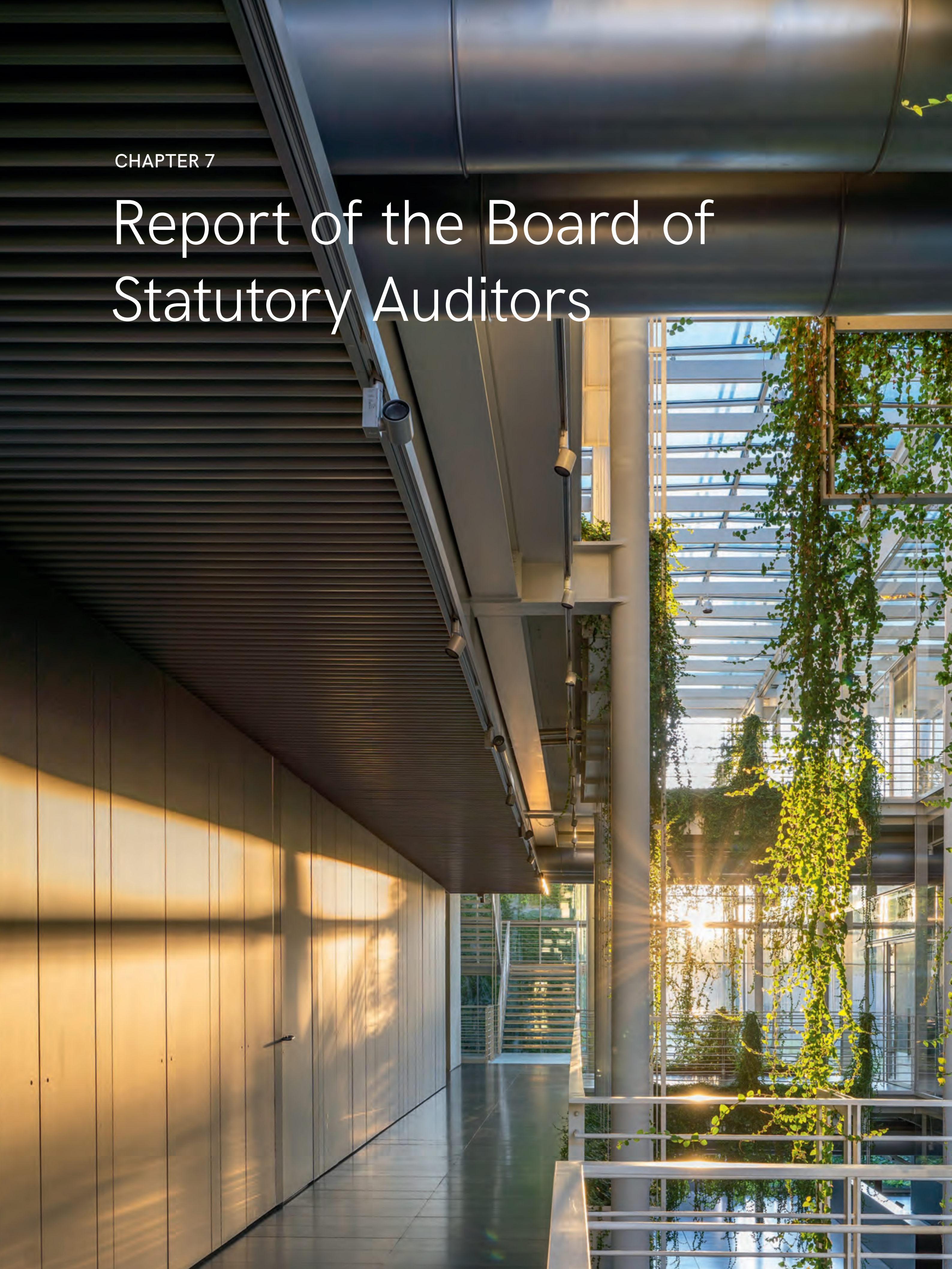
Signed by
Marco Ricci
Partner

Milan, Italy
March 4, 2025

This report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

CHAPTER 7

Report of the Board of Statutory Auditors



PRADA S.p.A.
Registered Office: Via Antonio Fogazzaro, 28 - 20135 Milan
Registered with the Milan Companies Register under No. 1343952
Tax Code and VAT No. 10115350158

REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS' MEETING PURSUANT TO ARTICLE 2429, PARAGRAPH 2, OF THE ITALIAN CIVIL CODE

To the Shareholders of Prada S.p.A. ("Prada" or the "Company"),

The Board of Statutory Auditors wishes to preliminarily highlight that its current composition was appointed by the Shareholders' Meeting held on 24th April 2024. During the financial year ended 31st December 2024, our activities have been conducted in accordance with the provisions of the law and the Rules of Conduct for the Board of Statutory Auditors of unlisted companies issued by the National Council of Chartered Accountants and Accounting Experts.

In compliance with the duties assigned to us by law, the Board of Statutory Auditors has carried out its supervisory activities concerning compliance with the law and the Company's Articles of Association, adherence to principles of sound management, the adequacy and functioning of the organizational structure within its areas of competence, the adequacy and effectiveness of the internal control system, the adequacy and functioning of the administrative-accounting system, and the reliability of the latter in accurately representing the Company's operations, as well as the practical implementation of corporate governance rules.

It should be noted that, with regard to the independent audit of accounts pursuant to Article 14 of Legislative Decree No. 39/2010, as well as Articles 2409-bis et seq. of the Italian Civil Code, these responsibilities were assigned—upon the motivated proposal of the Board of Statutory Auditors—by resolution of the Ordinary Shareholders' Meeting held on April 28, 2022, to the auditing firm Deloitte & Touche S.p.A. pursuant to Article 2477 of the Italian Civil Code for the three-year period 2022-2024. Consequently, upon the approval of the Financial Statements as of 31st December 2024, the mandate conferred upon Deloitte & Touche S.p.A. will expire. To this end, the Company has undertaken a selection process through a "negotiated procedure," inviting Deloitte & Touche, Ernst & Young, KPMG, and PricewaterhouseCoopers. During this process, each submitted proposal was assessed based on both technical/qualitative and economic criteria. At the conclusion of the selection process, the Board of Statutory Auditors will present to the Shareholders' Meeting its reasoned proposal for the appointment of the independent audit firm for the three-year period 2025-2027.

With this report, we hereby inform you of the activities carried out and the results achieved.

The financial statements of Prada S.p.A. as of 31st December 2024, have been submitted for your review. These financial statements have been prepared in compliance with International Accounting Standards (IAS/IFRS) and the relevant interpretative principles and show a net profit of EUR 849,706,977.

The Independent Auditor, Deloitte & Touche S.p.A., submitted its audit report to us on 4th March 2025, pursuant to Article 14 of Legislative Decree No. 39/2010 and the International Standards on Auditing (ISA Italia), containing an unqualified opinion. According to the statements included in the Independent Auditor's report, the financial statements provide a true and fair view of the Company's financial position as of 31st December 2024, as well as its financial performance and cash flows for the financial year ended on that date, in compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Union. Furthermore, the aforementioned report contains an opinion, issued pursuant to Article 14, paragraph 2, letters e), e-bis), and e-ter) of Legislative Decree No. 39/2010, regarding the consistency of the management report with the corresponding financial statements for the financial year ended 31st December 2024, and its compliance with applicable legal provisions.

On the same date, 4th March 2025, Deloitte & Touche S.p.A., in accordance with applicable regulations, issued the audit report on the consolidated financial statements pursuant to Article 14 of Legislative Decree No. 39/2010 and the International Standards on Auditing (ISA Italia), also containing an unqualified opinion. According to the statements included in the independent auditor's report, the consolidated financial statements provide a true and fair view of the Group's financial position as of 31st December 2024, as well as its financial performance and cash flows for the financial year ended on that date, in compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Union. Furthermore, the aforementioned report contains an opinion, issued pursuant to Article 14, paragraph 2, letters e), e-bis), and e-ter) of Legislative Decree No. 39/2010, regarding the consistency of the management report with the corresponding consolidated financial statements for the financial year ended 31st December 2024, and its compliance with applicable legal provisions.

As the Board of Statutory Auditors is not responsible for conducting the legal audit, we performed the supervisory activities on the financial statements as required under Rule 3.8 of the "Rules of Conduct for the Board of Statutory Auditors of Unlisted Companies." These activities consisted of an overall summary review aimed at verifying that the financial statements have been properly prepared. It should be noted that the responsibility for verifying compliance with the accounting records rests exclusively with the Independent Auditor.

1) *Supervisory Activities Pursuant to Article 2403 et seq. of the Italian Civil Code*

We have supervised compliance with the law and the Company's Articles of Association, adherence to the principles of sound governance, and particularly the adequacy of the organizational structure, the administrative and accounting system, and their effective operation.

We have participated in Shareholders' Meetings and Board of Directors' meetings, during which, based on the information available to us, we did not identify, within the decisions taken, any violations of the law or the Articles of Association, nor any transactions that appeared manifestly imprudent, excessively risky, potentially conflicting with the Company's interests, or liable to compromise the integrity of the Company's assets.

We have obtained information from the Board of Directors, the Chief Executive Officer, and the Chief Financial Officer during meetings regarding the general performance of operations and their foreseeable evolution, as well as strategic transactions and major transactions undertaken by the Company due to their size or nature. Based on the information acquired, we have no specific observations to report.

Throughout the 2024 financial year, we supervised the proper functioning of the Company's internal control system, participating in meetings of the Control and Risk Committee and being consistently informed about the internal audit activities carried out by the Internal Audit function. Particular attention was given to the timing and content of planned audits, their progress, results, and corrective actions implemented. We verified that these activities were conducted with the primary objective of safeguarding the Company's assets, ensuring the efficiency and effectiveness of corporate operations, enhancing the reliability of financial reporting, and ensuring compliance with applicable regulations.

The Board of Statutory Auditors has reviewed the Sustainability Report for the 2024 financial year, as approved by the Board of Directors, and has verified the consistency of the information contained therein with the Group's strategic objectives and the principles of transparency and accuracy of information.

We have periodically met with the Independent Audit Firm to obtain information regarding the results of the audit procedures performed on the financial statements to assess the effectiveness and actual functioning of the Company's internal control system. These meetings have not revealed any additional significant facts or information that require specific mention in this report.

We have met with the Supervisory Body and have been continuously informed about the initiatives undertaken by the Compliance function under Legislative Decree No. 231/2001, particularly in relation to training, prevention, and detection of conflicts of interest, as well as compliance monitoring with the Code of Conduct and regulatory provisions. These meetings have not revealed any critical issues regarding the correct implementation of the Organizational Model that would require mention in this report.

We have gained knowledge of and monitored, to the extent of our responsibilities, the adequacy and functionality of the Company's organizational structure, particularly by obtaining information on structural changes within the Company during the financial year, including gathering insights from function heads. In this regard, we have no specific observations to report. Similarly, we have gained knowledge of and monitored, to the extent of our responsibilities, the adequacy and functionality of the administrative and accounting system, as well as its reliability in accurately representing management events. This assessment was carried out by obtaining information from function heads, the statutory audit firm, and reviewing corporate documents. In this regard, we have no specific observations to report.

No reports have been submitted by shareholders pursuant to Article 2408 of the Italian Civil Code.

No petition has been filed with the Court pursuant to Article 2409 of the Italian Civil Code.

During the 2024 financial year, we did not submit any reports to the management body pursuant to Article 25-octies of Legislative Decree No. 14 of January 12th, 2019.

During the 2024 financial year, we did not receive any notifications from public creditors pursuant to Article 25-novies of Legislative Decree No. 14 of January 12th, 2019.

On April 24th 2024, the Board of Statutory Auditors issued an opinion on the remuneration of Directors holding specific positions and on the remuneration of the Advisory Committees of the Board of Directors.

During the course of the supervisory activities described above, no other significant facts have emerged that would require mention in this report.

2) Observations on the Financial Statements

We have examined the draft financial statements for the financial year ended 31st December 2024, which have been prepared in accordance with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and adopted by the

European Union, including the interpretations of the International Financial Reporting Interpretations Committee (IFRIC).

Since we have not been entrusted with the legal audit of the annual financial statements, we have supervised the general approach and the general compliance with the law with regard to their formation and structure. In this regard, we have no specific observations to report

The Board of Statutory Auditors has verified compliance with legal provisions regarding the preparation of the management report, as well as the consistency of the financial statements with the facts and information of which we have been made aware. In this regard, we have no specific observations to report.

To the best of our knowledge, the Directors have not departed from legal provisions in the preparation of the financial statements pursuant to Article 2423, paragraph 5, of the Italian Civil Code.

The Board of Statutory Auditors has reviewed the impairment test procedure adopted, which has been examined by the Control and Risk Committee and approved by the Board of Directors.

Regarding significant events occurring during the 2024 financial year, the Board of Statutory Auditors refers to the information disclosed in the Management Report.

Pursuant to Article 2426, paragraph 6, of the Italian Civil Code, we have expressed our consent to the retention in the balance sheet assets of goodwill amounting to EUR 110,432 thousand, of which EUR 90.9 million pertains to the CGU "Prada" and EUR 19.5 million pertains to the CGU "Miu Miu". The impairment tests conducted as of 31st December 2024, have not identified any impairment losses for the aforementioned CGUs.

The Company has also prepared the consolidated financial statements and the consolidated management report.

3) Observations and Proposals on the Approval of the Financial Statements

Considering the results of the activities we performed and the unqualified opinion expressed in the audit report issued by the Independent Auditor, which was made available to us to us on 4th March 2025, the Board of Statutory Auditors finds no impediments to the approval of the financial statements of Prada S.p.A. for the financial year ended 31st December 2024, as prepared by the Directors, nor to the proposal submitted by the Directors regarding the allocation of net profit.

Milan, 14th March 2025

The Board of Statutory Auditors

Roberto Spada

Patrizia Arienti

Maria Luisa Mosconi